

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	John Jansons
Email Address	jjansons@cityofhemet.org
Phone Number	(951) 765-2308
Mailing Address	445 E. Florida Avenue Hemet, CA 92543

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.
<ol style="list-style-type: none">1. Notices of Default (within last 120 days) source: www.foreclosureradar.com2. Notices of Sale (within last 120 days) source: www.foreclosureradar.com3. Current Bank Owned Properties. Source: www.foreclosureradar.com4. All NCST properties since inception. Source: www.reomatch.com5. All NSP1 properties purchased. Source: National Community Stabilization Trust (NCST)6. 2010 Sales - Year Built. Source: MLS7. 2010 Sales - Sales Price. Source: MLS8. Data from HUD Mapping Tool

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.
<p>The City of Hemet prepared a custom map that plotted:</p> <ol style="list-style-type: none">a. Notices of Default (within last 120 days) to determine the start of financial problemsb. Notices of Sale (within last 120 days) to determine where the next wave of foreclosures will occurc. Current Bank Owned Properties to determine where the existing foreclosures are.d. All NCST properties since inception to determine where an available supply of foreclosures will likely occur.e. All NSP1 properties purchased to determine where the City was able to purchase properties.f. Age of housing stock to determine where the older neighborhoods are and focus attention on rehabbing those neighborhoods.g. 2010 Sales Prices to determine where the affordable housing exists.

Clusters of high concentrations of problem properties were identified and mapped. Based upon this analysis and data it was determined that the identified target areas show the highest concentration of foreclosures, sub-prime mortgages and the highest chance for further foreclosures.

2. April 2012-Revised NSP3 Target Area

Current Boundaries

The current boundaries of the NSP3 Target area are roughly East of Palm Ave, South of Acacia, West of San Jacinto, and North of Johnston; East of Buena Vista, South of Johnston, West of San Jacinto, and North of Stetson; East of State St, South of Stetson, West of Santa Fe, and North of Thornton.

Proposed Expansion

The City of Hemet proposes to amend the current NSP3 Target area to include a small neighborhood immediately north of the current NSP3 target area with Elk Ave to the East, Oakland Ave to the North, San Jacinto to the West and Latham to the South. In addition, a little pocket of 3 streets just north of Oakland Ave referred to as Mobley Lane.

Why?

The City of Hemet is anxious to make an impact in the distressed neighborhoods of Hemet, CA. The pace at which qualified properties have become available for the program (in the current NSP3 area) is jeopardizing the City's ability to meet critical HUD deadlines for the expenditure of NSP3 funding. In order to maximize the impact these NSP3 funds can make on the Hemet community, we need access to more properties. The proposed expansion will open up an extremely distressed area of the City that has been hit hard with foreclosures and unemployment. This area was approved by the Hemet City Council during the original NSP3 target area approval and was considered an expansion target area.

The expansion will also allow for additional rental opportunities for the Mobley Lane area. The City of Hemet has already acquired a large portion of the Mobley Lane community, which is comprised of multiple four-plexes. A mixture of LH25-NSP 1 funds and Redevelopment Housing Set-Aside funds were utilized. There are currently five (5) sets of four-plexes which are still privately owned. The City of Hemet would like to position themselves to utilize NSP3 funds if these remaining four-plexes become NSP eligible and for sale.

The proposed expansion only increases the impact score by 12 units-total. While we won't be adding any further units to our total obligation for homeownership (due to increased costs and increased obligation to perform more rental) we certainly believe that this new enlarged area will significantly increase the likelihood that Hemet will meet all required milestones of funding.

Facts

- In the year 2005, the unemployment rate for the expansion area was 6.3%. In 2010 the percentage of unemployment increased to 17.5%.
- The expansion area has more than 88% of the residents that fall below the 120% median income category. More than 71% of the residents fall below the 80% median income category.

- 35% of the mortgages in the expansion area are considered high cost.
- The NCST has provided us with a total of 13 properties for consideration since September 29th of 2011. Of those properties we've only been able to acquire 3.
- The State of California has a risk score of 17. The City of Hemet has a risk score of 20.
- The expansion to NSP3 would allow for a greater impact to be made on the community in some of the most distressed areas of Hemet.

Clusters of high concentrations of problem properties were identified and mapped. Based upon this analysis and data it was determined that the identified target areas show the highest concentration of foreclosures, sub-prime mortgages and the highest chance for further foreclosures.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	<p>The City of Hemet uses the State of California's definition of blight as found at California Health & Safety Code Sections 33030 & 33031.</p> <p>33030.</p> <p>(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 the health, safety, and general welfare of the people of these communities and of the state.</p> <p>(b) A blighted area is one that contains both of the following:</p> <p>(1) An area that is predominantly urbanized, as that 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.</p> <p>(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.</p> <p>(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of any of the following:</p> <p>(1) Inadequate public improvements.</p> <p>(2) Inadequate water or sewer utilities.</p> <p>(3) Housing constructed as a government-owned project that was constructed before January 1, 1960.</p> <p>33031.</p> <p>(a) This subdivision describes physical conditions that cause blight:</p> <p>(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building</p>

	<p>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.</p> <p>(2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.</p> <p>(3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.</p> <p>(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 present general plan and zoning standards and present market conditions.</p> <p>(b) This subdivision describes economic conditions that cause blight:</p> <p>(1) Depreciated or stagnant property values.</p> <p>(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).</p> <p>(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.</p> <p>(4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.</p> <p>(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.</p> <p>(6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.</p> <p>(7) A high crime rate that constitutes a serious threat to the public safety and welfare.</p>
Affordable Rents	<p>For an NSP-funded rental activity, "affordable rents" shall be defined as 30% of the household's adjusted income, less utility allowances as adopted by the County of Riverside's Housing Authority for the Section 8 program, as appropriate. HUD's Fair Market Rent schedule for the Riverside/San Bernardino/Ontario MSA will be used. Should any gap be present, funds for this gap will be required from other sources of funding.</p>

Descriptions

Term	Definition
Long-Term Affordability	The City of Hemet will use NSP funds to provide home buyer assistance loans in the amount of \$5,000 to income eligible home buyers. These loans will have a period of affordability for 5 years, as defined in 24 CFR Part 92.
Housing Rehabilitation Standards	<p>The NSP funds will follow the City of Hemet’s standards from the ongoing Housing Rehabilitation Programs (funded from HOME and CalHOME): At a minimum, all health and safety issues and all violations to local codes, ordinances, and zoning requirements shall be corrected. In addition, the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, Title 25, and Chapters 5-10 of the Uniform Housing Code, ADA, Section 504, and relevant sections of Titles 24 which pertain to disability access shall be satisfied as part of the rehabilitation. In addition to requiring that the building be brought into compliance with applicable codes, the Program requires specific additional upgrades in all projects. These include: upgrade of electrical equipment grounding and bonding system; GFCI replacement in kitchen, bathroom and exterior areas; fire extinguishers; smoke detector upgrade to current Uniform Building Code; and installation of carbon monoxide detectors; and exterior painting, if needed. All disabled access improvements, emergency repairs or weatherization. All work performed must comply with the rehabilitation standards.</p> <p><u>Energy Conservation</u> In addition to repairs required because of code violations, the borrower(s) may request that loan proceeds be used to upgrade the property to meet energy conservation standards.</p> <p><u>Lead Based Paint Repairs</u> Control or abatement of defective lead based paint surfaces will be included in the property rehabilitation where applicable. A lead based paint inspection report may be required of any home built before 1978.</p> <p><u>Asbestos Removal</u> Removal of materials containing asbestos, if necessary, will be included as part of the property rehabilitation.</p> <p><u>Other Eligible Improvements</u> In addition to the above>noted eligible improvements, program funds are available for rehabilitation improvements that are physically attached and permanent in nature as follows:</p> <ol style="list-style-type: none"> 1. Repairs that remedy existing nonconforming uses such as garage

conversions, additions, etc.

2. Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), releveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures (i.e., mobile home porches made of plywood).

3. Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., repipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems*, inoperable built-in appliances*, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are water damaged).

4. Weatherization and energy conservation items such as insulation, caulking, weatherstripping, if all health and safety code violations have been corrected.

5. Fumigation and treatment of termites and pest control.

6. Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms. All health and safety code violations must be corrected to be eligible for disabled access improvements and emergency repairs. Testing for the presence of lead-based paint and associated abatement, as required. (Any costs associated with abatement of lead-based paint will be processed as a part of the loan.)

Incipient repair items (i.e. household appliances, furnaces that are likely to fail within a few years) may be eligible for replacement if the item is replaced with one of moderate quality only. Owner's medical conditions may warrant new or replacement appliances.

Ineligible Improvements

1. Repair, purchase or installation of kitchen appliances, which are designed and manufactured to be freestanding.

2. Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts.

3. Luxury items such as burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops, microwaves, dishwashers.

4. Other items deemed ineligible by the City Housing Representative or his/her designee.

5. If any changes that are made without City approval the contractor

	will not be paid for the work.
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.
Response: Total low-income set-aside percentage (must be no less than 25 percent): 25% Total funds set aside for low-income individuals = \$340,049

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.
The number of NSP affordable housing units made available to low-income residents will be achieved through two methods: ACQUISITION/REHABILITATION/RESALE (NSP – 1) This program allows NSP funds to be used for the acquisition and rehabilitation of qualifying single-family homes to the City’s rehabilitation standards, and selling them to income eligible home buyers. The City of Hemet is so affordable that some residents with a household median income below 50% will qualify for home ownership. ACQUISITION/REHABILITATION/RENTAL (NSP-2) This program allows NSP funds to be used for the acquisition and rehabilitation of qualifying multi-family properties to the City’s rehabilitation standards, and then partnering with the Hemet Community Land Trust to manage the rental of units for the benefit of households at or below 50% median income.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	N/A
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by	

each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	N/A
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	N/A

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

The Substantial Amendment was placed as a Public Notice in the local newspaper and on the City website within the required timeframes. In addition, the Public Notice was posted at two different locations (City Hall and the Council Building) where residents often visit to conduct business. The City provided reasonable access to the Substantial Amendment at City Hall prior to the Public Hearing date. Public Comments were allowed during the City Council Meeting regarding this item on the agenda.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled "Activity Number 4," "Activity Number 5," "Activity Number 6," and "Activity Number 7." If you are unsure how to delete a table, see the instructions [above](#).)

The field labeled "Total Budget for Activity" will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the "Performance Measures" component of the activity tables below.

Activity Number 1	
Activity Name	Acquisition, Rehabilitation, Resale (ARResale)
Uses	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.
National Objective	Low Moderate Middle Income Housing (LMMH)

Activity Description

○ how the activity will address local housing market conditions

Funds from this activity will target homes that require rehabilitation beyond what the market will bear without NSP assistance. Once rehabilitated, the homes will be sold to income eligible buyers with a one year warranty. This Activity focuses funds into an older area of the City with homes that require a substantial amount of rehabilitation. This target area also has the highest concentration of foreclosures in the City. The ARResale funds will directly combat this statistic by a pro-active approach in rehabilitating these distressed homes and selling them to qualified home buyers.

○ range of interest rates (if any)

Acquisition Loans are provided to approved Developer Partners with a 0% interest, \$0 fee. However, after 180 days the loan accrues 10% interest until the home is sold to an eligible home buyer.

○ duration or term of assistance

The short term acquisition loan is paid back to the City of Hemet once the home sells to an eligible home buyer.

○ tenure of beneficiaries (e.g. renters or homeowners)

The rehabilitated home is now available to an eligible home buyer.

○ expected benefit to income-qualified persons or households or areas

The ARResale program benefits both the income-qualified household as well as the neighborhood area. The low to moderate income household is able to afford a high quality home instead of renting. The surrounding areas are improved because the dilapidated houses are renovated to the highest standard of the neighborhood; resulting in higher neighborhood home values. Furthermore, the area is more stabilized by home ownership instead of absentee investor rental properties.

○ if the activity produces housing, how will the design of the activity ensure continued affordability

While ARResale initially provides loans to Developer Partners for the acquisition of eligible homes, it does so with an affordability covenant recorded against the property. The covenant ensures that the Developer Partner can only sell the home to an income eligible home buyer (see Activity Number 3 for an explanation of ensuring continued affordability of the home buyer).

○ how the grantee shall, to the maximum extent possible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project including

	<p><u>information on existing local ordinances that address these requirements</u></p> <p>Section 3 only pertains to NSP funds used for construction. ARResale funds will only be used as an acquisition loan and so Section 3 will not apply. However, previous NSP efforts have supported the local home improvement stores, local escrow companies, local real estate professionals, and a handful of local contractors.</p> <ul style="list-style-type: none"> ○ <u>the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds</u> <p>(See Activity Number 2)</p>	
Location Description	The boundaries of the target area are identified in the HUD Mapping Tool attachment, but are generally bounded by Acacia on the North, San Jacinto on the East, Thornton on the South, and Palm on the West.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$774,128
	(Other funding source)	\$0
	(Other funding source)	\$0
Total Budget for Activity	\$774,128	
Performance Measures	A minimum of 26 single family homes will be completed within the three year deadline.	
Projected Start Date	April 1, 2011	
Projected End Date	April 1, 2014	
Responsible Organization	Name	City of Hemet
	Location	445 E. Florida Ave, Hemet CA 92543
	Administrator Contact Info	Mark Trabing 951.765.2381 mtrabing@cityofhemet.org

Activity Number 2	
Activity Name	Acquisition, Rehabilitation, Rental (ARRental)
Use	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.
National Objective	Low-Income Housing to Meet 25% Set-Aside (LH25)
Activity Description	<ul style="list-style-type: none"> ○ <u>how the activity will address local housing market conditions</u> <p>Funds from this Activity will target properties that require rehabilitation beyond what the market will bear without NSP assistance; either 2-4 unit properties or a small apartment complex. Once rehabilitated, the units will be transferred to and</p>

managed by Hemet Community Land Trust. Hemet is an area with a great need for rental housing because of a high unemployment rate (Hemet 14.3%; CA 12.5%) combined with households with foreclosure histories.

○ range of interest rates (if any)

ARRental funds are used to acquire and rehabilitate multi-family units for rental housing. The City of Hemet will hold title over the long term and will not charge itself interest.

○ duration or term of assistance

The City of Hemet plans to hold the rental units in perpetuity.

○ tenure of beneficiaries (e.g. renters or homeowners)

The ARrental program will benefit renters whose household income is at or below 50% of median income.

○ expected benefit to income-qualified persons or households or areas

ARRental benefits both the low income-qualified household as well as the area. The low-income household is able to afford a high quality rental unit of housing. The surrounding areas are improved because the dilapidated properties are fixed; resulting in higher neighborhood property values. Furthermore, the area is more stabilized by utilizing local property management.

○ if the activity produces housing, how the design of the activity/ensure continued affordability

The City of Hemet retains title to all ARrental units and will ensure that they remain affordable in perpetuity per NSP program guidelines.

○ how the grantee shall, to the maximum extent possible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements

Section 3 only pertains to NSP funds used for construction. ARrental funds may only be used for the acquisition of eligible properties and so Section 3 will not apply. However, if NSP funds are used for construction efforts in the future, then all contracts, bidding and selection processes will include a Section 3 component to ensure, to the maximum extent possible, the various Section 3 provisions are incorporated into the process.

○ the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds

The NSP3 application states that ARrental funds are reserved exclusively for the use and benefit of rental housing.

Location Description	The City has used a variety of data sources to identify the area of greatest need. The boundaries of this area are identified in the HUD Mapping Tool attachment but are generally bounded by Acacia on the North, San Jacinto on the East, Thornton on the South, and Palm on the West.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$340,049
	(Other funding source)	\$0
	(Other funding source)	\$0
Total Budget for Activity	\$340,049	
Performance Measures	A minimum of 6 rental units will be completed within the three year deadline.	
Projected Start Date	April 1, 2011	
Projected End Date	April 1, 2014	
Responsible Organization	Name	City of Hemet
	Location	445 E. Florida Ave, Hemet CA 92543
	Administrator Contact Info	Mark Trabing 951.765.2381 mtrabing@cityofhemet.org

Activity Number 3	
Activity Name	Home Buyer Assistance Loans
Use	Select all that apply: <input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.
National Objective	Low Moderate Middle Income Housing (LMMH)
Activity Description	<ul style="list-style-type: none"> ○ <u>how the activity will address local housing market conditions</u> Funds from this activity will provide a loan to qualified home buyers for down payment and/or closing costs. Many times the home buyers earn enough money but do not have the sufficient down payment and closing costs needed. The NSP loan will bridge that gap and make it easier for home buyer to qualify. This activity strongly supports the ARResale effort because without a qualified home buyer at the end of the rehabilitation process, the homes are susceptible to vandalism and theft. This activity focuses on increasing the number of home owners in a neighborhood thus bringing more stability. ○ <u>range of interest rates (if any)</u> Acquisition Loans are provided to approved home buyers. The loan accrues interest at 5% per year for a term of 5 years. If the home owner sells the property after the 5 year term, they will owe the full loan amount plus accrued interest. ○ <u>duration or term of assistance</u>

	<p>The home buyer assistance loans have a term of 5 years but can be deferred until the home buyer sells the property.</p> <ul style="list-style-type: none"> ○ <u>tenure of beneficiaries (e.g. renters or homeowners)</u> <p>The \$5,000 loan is made available to income eligible home buyers.</p> ○ <u>expected benefit to income-qualified persons or households or areas</u> <p>This activity benefits both the income-qualified household as well as the neighborhood. The low-income household is able to afford a nice, rehabilitated home instead of renting. The surrounding areas are improved because the dilapidated houses are fixed; resulting in higher neighborhood home values. Furthermore, the area is more stabilized by home ownership instead of absentee investor rental properties.</p> ○ <u>if the activity produces housing, how the design of the activity will ensure continued affordability</u> <p>All ARResale homes have a covenant recorded on the property to ensure that any change in title would require a notification to the City and subsequently a request for a demand and reconveyance of City recorded documents.</p> ○ <u>how the grantee shall, to the maximum extent possible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements</u> <p>Section 3 only pertains to NSP funds used for construction. ARResale funds will only be used as an acquisition loan for eligible properties and so Section 3 will not apply. However, previous NSP efforts have supported the local home improvement stores, local escrow companies, local real estate professionals, and a handful of local contractors.</p> ○ <u>the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds</u> <p>(See Activity Number 2)</p> 								
Location Description	The City has used a variety of data sources to identify the area of greatest need. The boundaries of this area are identified in the HUD Mapping Tool attachment but are generally bounded by Acacia on the North, San Jacinto on the East, Thornton on the South, and Palm on the West.								
Budget	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Source of Funding</th> <th style="width: 40%;">Dollar Amount</th> </tr> </thead> <tbody> <tr> <td>NSP3</td> <td>\$110,000</td> </tr> <tr> <td>(Other funding source)</td> <td>\$0</td> </tr> <tr> <td>(Other funding source)</td> <td>\$0</td> </tr> </tbody> </table>	Source of Funding	Dollar Amount	NSP3	\$110,000	(Other funding source)	\$0	(Other funding source)	\$0
	Source of Funding	Dollar Amount							
	NSP3	\$110,000							
	(Other funding source)	\$0							
(Other funding source)	\$0								
Total Budget for Activity	\$110,000								

Performance Measures	A minimum of 22 single family homes will be completed within the three year deadline.	
Projected Start Date	April 1, 2011	
Projected End Date	April 1, 2014	
Responsible Organization	Name	City of Hemet
	Location	445 E. Florida Ave, Hemet CA 92543
	Administrator Contact Info	Mark Trabing 951.765.2381 mtrabing@cityofhemet.org

8. Certifications

Certifications for State and Entitlement Communities

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or

Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) Use of funds. The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) The jurisdiction certifies:

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) Compliance with lead-based paint procedures. The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.

(16) Vicinity hiring. The jurisdiction certifies that it will, to the maximum extent feasible, provide for 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.

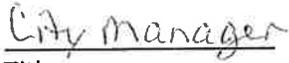
(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.



Signature/Authorized Official



Date



Title

Neighborhood ID: 7455017

NSP3 Planning Data

Grantee ID: 0606500C,0616140E

Grantee State: CA

Grantee Name: RIVERSIDE COUNTY,HEMET

Grantee Address:

Grantee Email: adam@civicstone.com

Neighborhood Name: HemetSouth

Date:2010-12-22 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.87

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 3470

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 81.53

Percent Persons Less than 80% AMI: 64.38

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 3909

Residential Addresses Vacant 90 or more days (USPS, March 2010): 204

Residential Addresses NoStat (USPS, March 2010): 47

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 2072

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 30.42

Percent of Housing Units 90 or more days delinquent or in foreclosure: 21.81

Number of Foreclosure Starts in past year: 221

Number of Housing Units Real Estate Owned July 2009 to June 2010: 126

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 44

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -44.3

Place (if place over 20,000) or county unemployment rate June 2005¹: 6.28

Place (if place over 20,000) or county unemployment rate June 2010¹: 17.46

¹Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

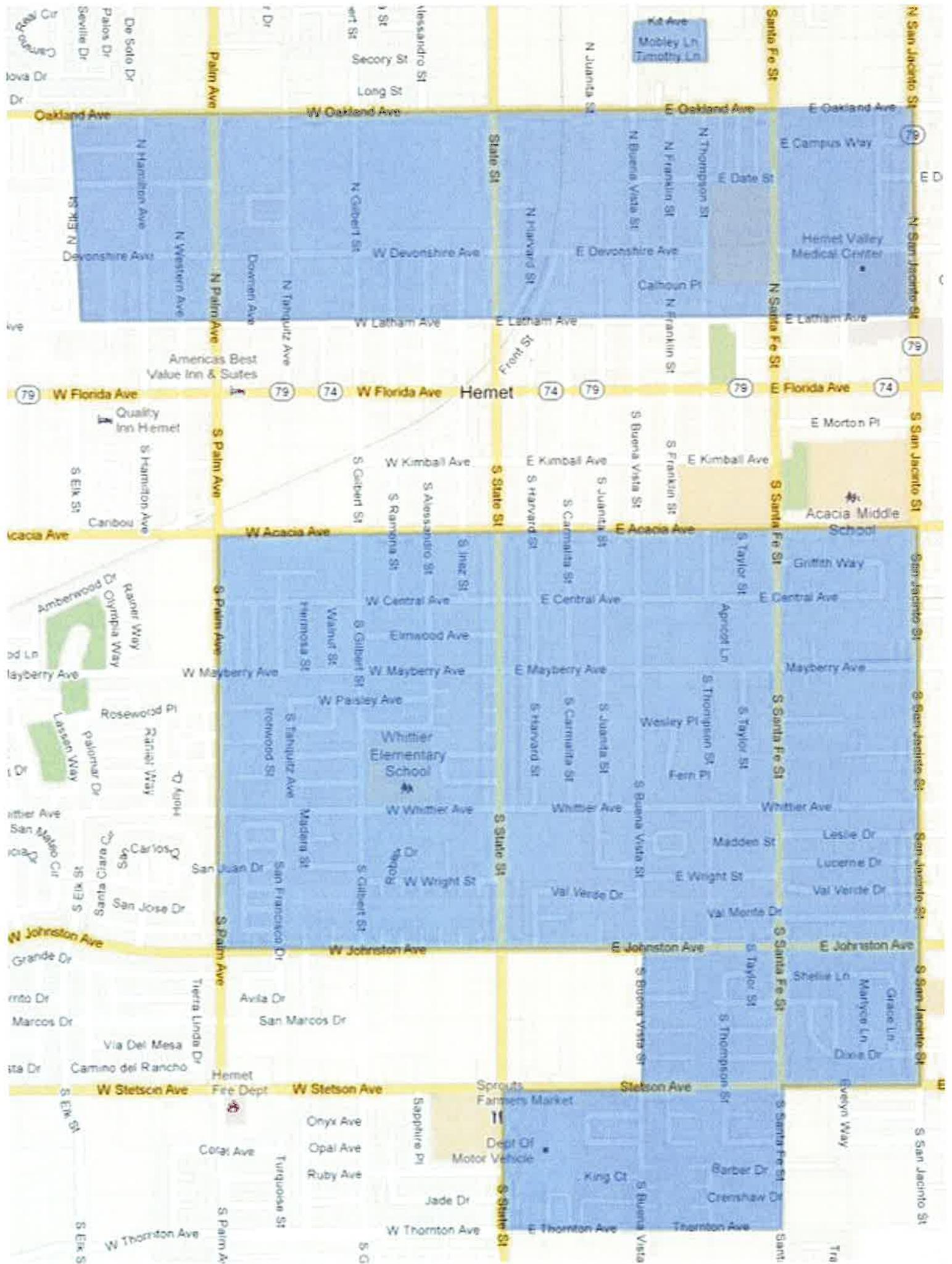
1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-116.980319 33.743862 -116.980319 33.732941 -116.967208 33.733048 -116.967230 33.729390
-116.971543 33.729444 -116.971478 33.725732 -116.962788 33.725750 -116.962874 33.729497
-116.958582 33.729497 -116.958604 33.743987

Blocks Comprising Target Neighborhood

060650433122014, 060650433122017, 060650433122016, 060650433122015, 060650433072001,
060650433072002, 060650433121000, 060650433121014, 060650433121013, 060650433121012,
060650433121011, 060650433121010, 060650433121009, 060650433121008, 060650433121007,
060650433121006, 060650433121019, 060650433121018, 060650433121017, 060650433121001,
060650433121002, 060650433121003, 060650433121005, 060650433121004, 060650433122003,
060650433122005, 060650433122011, 060650433122013, 060650433122019, 060650433122018,
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060650434042007, 060650434042009, 060650434042014, 060650434042013, 060650434042012,
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060650434042002, 060650434042001,



NSP3

X

Project Name : HemetSouth

Block Group	Neighborhood Housing Units	Block Group Housing Units	Block Group Score	State Min	USPS	HMDA
060659128020697043312U2	42	265	20	17	276	221
060659128033182043307U2	188	1176	20	17	1194	271
060659128033182043312U1	605	619	20	17	644	515
060659128033182043312U2	324	339	20	17	353	282
060659128033182043401U1	272	722	20	17	933	374
060659128033182043401U2	489	651	20	17	841	337
060659128033182043403U1	542	542	20	17	629	337
060659128033182043403U2	546	546	20	17	633	340
060659128033182043404U2	462	746	19	17	746	241

Total Neighborhood Housing Units: 3470

Neighborhood NSP3 Score: 19.87

State Minimum Threshold NSP3 Score: 17

Housing
ovan

RES



30

NSP3 Legend



THE PRESS-ENTERPRISE

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Riverside, CA 92501-3878
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951-368-9018 FAX

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Publication(s): Press-Enterprise

PROOF OF PUBLICATION OF

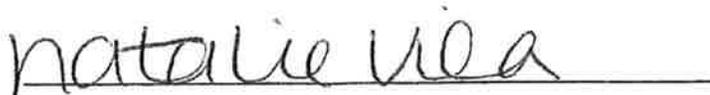
Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, and under date of August 25, 1995, Case Number 267864; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

09/09/2011

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: September 09, 2011
At: Riverside, California



HEMET, CITY OF / FINANCE
445 E FLORIDA AVE
HEMET, CA 92543

Ad Number: 0000614241-01

P.O. Number:

Ad Copy:

PUBLIC NOTICE
REQUEST FOR
QUALIFICATIONS
Single-Family Residential
Acquisition, Rehabilitation,
and Resale Program
Through the Federal
Neighborhood
Stabilization Program 3
(NSP 3)
FOR THE CITY
OF HEMET

NOTICE IS HEREBY
GIVEN that the City of
Hemet, California, will be
accepting Statement of
Qualifications for Single-
Family Residential Ac-
quisition, Rehabilitation,
and Resale Program. The
Request for Qualifications
document will be available
September 12, 2011. To
obtain a copy of the RFQ
send a request to Edna
Lebron, edlebron@cityofheme
tel: 951-765-2357 or fax to 951-765-
2357. 9/9