

Grantee: Apple Valley, CA

Grant: B-11-MN-06-0502

July 1, 2011 thru September 30, 2011 Performance Report

Grant Number:

B-11-MN-06-0502

Obligation Date:**Grantee Name:**

Apple Valley, CA

Award Date:**Grant Amount:**

\$1,463,014.00

Contract End Date:

03/07/2014

Grant Status:

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Cindy Amagrande

Disasters:**Declaration Number**

NSP

Narratives**Summary of Distribution and Uses of NSP Funds:**

The Town of Apple Valley received a grant allocation of \$1,463,014. As mandated by NSP-3 regulations, 25% of the funds or \$365,754 will be used to serve residents earning at or below 50% of area median income. Activity #4, Program administration will be capped at 10% or \$146,301. Activity #1, Acquisition/New Construction for Multi-Residential Uses has been allocated \$854,000. Activity #2, Acquisition/Rehabilitation for Multi-Residential Uses has been allocated \$357,713, and Activity #4 Down Payment Assistance has been allocated \$105,000.

Due to ever-changing market conditions, The Town of Apple Valley will need to maintain a level of flexibility by permitting the movement of funds between eligible activities as well as amending the boundaries of one or more neighborhoods without requiring a substantial amendment. These changes may be made administratively, depending on the location, size and scope of the project(s).

How Fund Use Addresses Market Conditions:

The Town of Apple Valley is located in the Riverside/San Bernardino Metropolitan Statistical Area (MSA), consisting of the two counties of Riverside and San Bernardino, also referred to as the Inland Empire. As reported in the Victor Valley Daily Press, January 9, 2010, there were 250,831 notices of default issued in the Inland Empire from 2007 through 2009. According to Realty Trac (12/20/10), however, foreclosure activity based on the total number of properties that received foreclosure filings, default notices, a foreclosure auction notice or became Real Estate Owned (REO) reached 3,816 in Apple Valley for the period of December 2009 through November 2010.

According to the Inland Empire Quarterly Economic Report, October 2010, taxable retail sales in San Bernardino County fell 15.0%, Riverside County's sales dropped 14.5% and Inland Empire sales fell 14.7%. Every major Inland Empire city lost retail sales which is due in large part to the high unemployment rate of approximately 15%. In August 2010, the California Employment Development Department estimated the Inland Empire had lost approximately 22,500 jobs, down 2.0% from August 2009. The estimated job loss for 2010 is 28,444; following a record lost of -92,692 in 2009, the region's modern record.

The impact of sustained foreclosures, pre-foreclosure and auction notice activities (Realty Trac, 12/20/10) in concert with the high unemployment rate and stricter lender criteria as related to single-family home purchases drives the need for affordable rental housing in neighborhoods identified as "areas of greatest need" as determined by HUD's GIS Mapping Tool. In addition, low, moderate, and middle income individuals and families that have experienced foreclosure, periods of unemployment and financial uncertainty may be hesitant to commit to purchasing a home and are looking for housing alternatives and rental opportunities.

To further address the high rate of vacant, foreclosed properties in Apple Valley, NSP-3 funds will be used to implement a down payment assistance program designed to assist qualified households whose incomes do not exceed 50 percent of area median income with conventional, FHA and other approved loan products in neighborhoods of greatest need.

Ensuring Continued Affordability:

The duration of assistance will be regulated by HOME affordability covenants meeting, at minimum, requirements set by HOME regulations will be placed on all properties participating in this program. Continued affordability for NSP-3 assisted housing will be ensured through the use of covenants/deed restrictions or complying with HOME monitoring requirements, as applicable. See Section 3 Definitions and Descriptions; Long-term Affordability.

Long-Term Affordability requirements will comply with HOME program standards at 24 CFR 92.252(a), (c), (e), (f), and 92.254. All NSP-3-assisted units will meet the affordability requirements for not less than the applicable periods determined by the amount of assistance. The affordability requirements will be imposed by use of a deed restriction on the assisted property.

Definition of Blighted Structure:

The Town of Apple Valley utilizes the State of California's definition of blight as found at California Health and Safety Code Sections 33030 - 33039.

Definition of Affordable Rents:

"Affordable rents" shall be defined as 30% of the household's adjusted income, less utility allowances as adopted by the San Bernardino County's Housing Authority for the Section 8 program, as appropriate. Apple Valley will use HUD's Fair Market Rent schedule for the Riverside/San Bernardino MSA. Should additional rent subsidies be needed, these funds will be required from other sources of funding.

"Affordable mortgage payments"-- principal, interest, taxes and insurance shall not exceed 30% of household's adjusted income

Housing Rehabilitation/New Construction Standards:

The following standards will apply for all NSP-3 rehabilitation assisted activities:

California Building Code, 2007 Edition, volumes 1,2 with Appendix F,G,H,I,J

2006 International Property Maintenance code

California Electrical Code, 2007 Edition

California Electrical Code, 2007 Edition

California Mechanical Code, 2007 Edition

California Energy Code 2007 Edition

ADA and Section 504 compliance

Any NSP-3 funds used for rehabilitation will comply with the existing standards of the Town's Residential Rehabilitation Loan Program (RRLP), which has been previously funded from CDBG, HOME and redevelopment housing set-asides. The first priority will be to eliminate and cure pre-existing code violations and health and safety hazards. General property improvements may be addressed only after all health and safety issues are addressed. The Town of Apple Valley will encourage the use of NSP-3 Recommended Energy Efficient and Environmentally-Friendly Green Elements as identified in Attachment C in the NSP-3 Notice.

Vicinity Hiring:

The Town of Apple Valley will ensure compliance with the statutory and regulatory requirements of Section 3 in its own operations, and those of covered contractors for new employment, training, or contracting opportunities that are created during the expenditure of covered funding. Responsibilities include:

1. Implementing procedures to notify Section 3 residents[i] and business concerns[ii] about training and employment opportunities generated by Section 3 covered assistance;
2. Implementing procedures to notify Section 3 business concerns about the availability of contracting opportunities generated by Section 3 covered assistance;
3. Notifying potential contractors completing working on Section 3 covered projects of their responsibilities;
4. Incorporating the Section 3 Clause (verbatim) into all covered solicitations and contracts [see 24 CFR Part 135.38];
5. Facilitating the training and employment of Section 3 residents and the awarding of contracts to Section 3 business concerns;
6. Assisting and actively cooperating with the Department in obtaining the compliance of contractors and subcontractors;
7. Refraining from entering into contracts with contractors that are in violation with the Section 3 regulations;
8. Documenting actions taken to comply with Section 3; and
9. Submitting Section 3 annual Summary Reports (form HUD-60002) in accordance with 24 CFR Part 135.90.

Procedures for Preferences for Affordable Rental Dev.:

The Town of Apple Valley encourages and supports the development of affordable rental housing projects. The Town's adopted Strategic Plan Priorities include:

- n Expand the supply of affordable housing
- n Assist in reducing housing costs of extremely low-and low-income households
- n Preserve the existing housing stock

Some of the activities the Town may undertake include acquisition/rehabilitation of existing buildings, acquisition of land and new construction. The Town will endeavor to partner with non-profit and for-profit development entities for the purpose of developing affordable rental housing.

The development of affordable rental housing not only furthers the goals of producing mandated affordable housing in our community, but will provide numerous benefits to the community such as: (1) Neighborhood stabilization; (2) The provision of high quality, rental housing, (3) Diversification of housing stock and, (4) Assisting the Town in meeting its RHNA and Housing Element requirements.

Grantee Contact Information:

NSP3 Program Administrator Contact Information

Name (Last, First)

Amagrande, Cindy

Email Address

camagrande@applevalley.org

Phone Number

760 240-7000 extension 7900

Mailing Address

14955 Dale Evans Parkway, Apple Valley, CA 92307

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,463,014.00
Total CDBG Program Funds Budgeted	N/A	\$1,463,014.00
Program Funds Drawdown	\$551.97	\$551.97
Program Funds Obligated	\$146,301.00	\$146,301.00
Program Funds Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

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	\$219,452.10	\$0.00
Limit on Admin/Planning	\$146,301.40	\$551.97
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$146,301.40	\$146,301.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$365,753.50	\$365,754.00

Overall Progress Narrative:

The Town of Apple Valley received a grant allocation of \$1,463,014. As mandated by NSP-3 regulations, 25% of the funds or \$365,754 will be used to serve residents earning at or below 50% of area median income. Program administration will be capped at 10% or \$146,301.

The Town of Apple Valley identified the following activities in its NSP-3 Action Plan: (1) Acquisition/New Construction for Multi-Residential Uses, \$854,000; (2) Acquisition/Rehabilitation for Multi Residential Uses \$357,713; and (3) Down Payment Assistance, \$105,000. The Town also pinpointed five neighborhoods in combination with these activities as areas of greatest need that require a focused investment of funding to address the high rate of vacant, foreclosed properties, and bring affordable rental housing alternatives and rental opportunities to our community.

On a daily basis, Housing Staff is tracking and carefully analyzing vacant and foreclosed property lists and inventories through various resources such as local real estate firms and brokers, Realty Track, NSP Property Inventory, to name a few. Although qualified properties have yet to be identified, staff is confident our activities will come to fruition.

The Town of Apple Valley will implement the NSP-3 Down Payment Assistance Program (Activity #3) by targeting the acquisition of foreclosed units in neighborhoods with the highest concentration of subprime mortgage loans and at the highest risk of additional foreclosures. Housing staff successfully administered its down payment assistance

program utilizing NSP-1 funds and is prepared to work with local lenders and brokers to move forward with this activity.

As of this reporting period, Town of Apple Valley Housing staff successfully closed one loan using a combination of NSP-1 and NSP-3 funds to provide down payment assistance to a low-income family with the purchase of their first home in Apple Valley. The infusion of NSP-1 funds in the amount of \$1,374.76 fully expends the Town's 2008 NSP grant allocation.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001, Program Administration	\$551.97	\$146,301.00	\$551.97
002, New Construction//Acquisition for MFR Uses	\$0.00	\$854,000.00	\$0.00
004, Down Payment Assistance	\$0.00	\$105,000.00	\$0.00
03, Acquisition/Rehab for MFR Uses	\$0.00	\$357,713.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number: 004

Activity Title: Down Payment Assistance

Activity Category:

Homeownership Assistance to low- and moderate-income

Activity Status:

Planned

Project Number:

004

Project Title:

Down Payment Assistance

Projected Start Date:

03/07/2011

Projected End Date:

03/07/2014

Benefit Type:

Direct Benefit (Households)

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

Town of Apple Valley

Overall

Jul 1 thru Sep 30, 2011

To Date

Total Projected Budget from All Sources	N/A	\$105,000.00
Total CDBG Program Funds Budgeted	N/A	\$105,000.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Town of Apple Valley	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The Down Payment Assistance Program will provide down payment assistance, including closing costs, to income eligible households earning no greater than 80% of adjusted median income.

Location Description:

- A. Otoe, Road east to Dale Evans Parkway, south to Thunderbird Road, west to Rancherias Road. (Exhibit 1).
- B. Bear Valley Road east to Kiowa, south to Del Oro Road, west to Deep Creek Road. (Exhibit 2).
- C. Ottawa Road east to Manhasset, south to Sitting Bull Road, west to Navajo Road. (Exhibit 3).
- D. Pahute Road east to Pawnee Road, south to Klamath road, west to Algonquin Road. (Exhibit 4).
- E. Ottawa Road east to Mohawk Road, south to Lone Eagle Road, west to Kiowa Road. (Exhibit 5).

Activity Progress Narrative:

NSP-3/DAP funding provided downpayment/closing costs assistance to a low-income family with the purchase of their first home in an NSP-3 target area in Apple Valley.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	1	1/3
# of Singlefamily Units	1	1/3

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	1	0	1	1/0	0/0	1/3	100.00
# Owner Households	1	0	1	1/0	0/0	1/3	100.00

Activity Locations

Address	City	State	Zip
20987 Nisqually Road	Apple Valley	NA	92308

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: 005

Activity Title: New Construction LH 25% Set-aside

Activity Category:

Construction of new housing

Project Number:

002

Projected Start Date:

03/07/2011

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Planned

Project Title:

New Construction//Acquisition for MFR Uses

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

Town of Apple Valley

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$365,754.00
Total CDBG Program Funds Budgeted	N/A	\$365,754.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Town of Apple Valley	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Funds may be used for acquisition and/or construction of multi-residential rental housing or transitional housing facilities. Apple Valley may partner with non-profit or for-profit developers and may endeavor to participate in joint regional partnerships to further carry out continuum-of-care goals which may include transitional housing. Affordability covenants meeting, at a minimum, requirements set by HOME regulations will be placed on all properties participating in this program. The average purchase discount for all foreclosure properties purchased with NSP-3 funds shall be at least 1%.

Location Description:

- A. Otoe Road, east to Dale Evans Parkway, south to Thunderbird Road, west to Rancherias Road, north to Otoe Road. (Exhibit 1).
- B. Sequoia Road immediately south of Bear Valley Road and west of Kiowa Road. (Exhibit 2).
- C. Ottawa Road east to Manhasset, south to Sitting Bull Road, west to Navajo Road. (Exhibit 3).
- D. Pahute Road east to Pawnee Road, south to Klamath Road, west to Algonquin Road. (Exhibit 4).
- E. Ottawa Road east to Mohawk Road, south to Lone Eagle, west to Kiowa Road. (Exhibit 5).

Activity Progress Narrative:

On a daily basis, Housing Staff is tracking and carefully analyzing vacant and foreclosed property lists and inventories through various resources such as local real estate firms and brokers, Realty Track, NSP Property Inventory, to name a few. Although qualified properties have yet to be identified, staff is confident our activities will come to fruition.

Accomplishments Performance Measures

**This Report Period
Total**

**Cumulative Actual Total / Expected
Total**

# of Housing Units	0	0/5
# of Multifamily Units	0	0/5

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households	0	0	0	0/0	0/0	0/5	0
# Renter Households	0	0	0	0/0	0/0	0/5	0

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: 01

Activity Title: Program Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

001

Project Title:

Program Administration

Projected Start Date:

03/07/2011

Projected End Date:

03/07/2014

Benefit Type:

N/A

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

Town of Apple Valley

Overall

Jul 1 thru Sep 30, 2011

To Date

Total Projected Budget from All Sources	N/A	\$146,301.00
Total CDBG Program Funds Budgeted	N/A	\$146,301.00
Program Funds Drawdown	\$551.97	\$551.97
Program Funds Obligated	\$146,301.00	\$146,301.00
Program Funds Expended	\$0.00	\$0.00
Town of Apple Valley	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Administrative funds will be used in conformance with 24 CFR 570.206. Eligible pre-award costs may be incurred in order to develop the NSP-3 Plan and undertake other administrative actions necessary to receive the grant.

Location Description:

N/A

Activity Progress Narrative:

Program Administration is capped at 10% of Apple Valley's grant; \$146,301. To date, administrative funds have been used for NSP-3 training workshops and salaries.

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: 02

Activity Title: Acquisition/New Construction MFR

Activity Category:

Construction of new housing

Project Number:

002

Projected Start Date:

03/07/2011

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

New Construction//Acquisition for MFR Uses

Projected End Date:

03/14/2014

Completed Activity Actual End Date:

Responsible Organization:

Town of Apple Valley

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$488,246.00
Total CDBG Program Funds Budgeted	N/A	\$488,246.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Town of Apple Valley	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Funds may be used for acquisition and/or construction of multi-residential rental housing or transitional housing facilities. Apple Valley may partner with non-profit or for-profit developers and may endeavor to participate in joint regional partnerships to further carry out continuum-of-care goals which may include transitional housing. Affordability covenants meeting, at a minimum, requirements set by HOME regulations will be placed on all properties participating in this program. The average purchase discount for all foreclosure properties purchased with NSP-3 funds shall be at least 1%.

Location Description:

- A. Otoe Road, east to Dale Evans Parkway, south to Thunderbird Road, west to Rancherias Road, north to Otoe Road. (Exhibit 1).
- B. Sequoia Road immediately south of Bear Valley Road and west of Kiowa Road. (Exhibit 2).
- C. Ottawa Road east to Manhasset, south to Sitting Bull Road, west to Navajo Road. (Exhibit 3).
- D. Pahute Road east to Pawnee Road, south to Klamath Road, west to Algonquin Road. (Exhibit 4).
- E. Ottawa Road east to Mohawk Road, south to Lone Eagle, west to Kiowa Road. (Exhibit 5).

Activity Progress Narrative:

On a daily basis, Housing Staff is tracking and carefully analyzing vacant and foreclosed property lists and inventories through various resources such as local real estate firms and brokers, Realty Track, NSP Property Inventory, to name a few. Although qualified properties have yet to be identified, staff is confident our activities will come to fruition.

Accomplishments Performance Measures

This Report Period	Cumulative Actual Total / Expected
Total	Total

# of Housing Units	0	0/5
# of Multifamily Units	0	0/5

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households	0	0	0	0/0	0/0	0/5	0

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: 03

Activity Title: Acquisition/Rehabilitation for MFR Uses

Activity Category:

Acquisition - general

Activity Status:

Planned

Project Number:

03

Project Title:

Acquisition/Rehab for MFR Uses

Projected Start Date:

03/07/2011

Projected End Date:

03/07/2014

Benefit Type:

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

Town of Apple Valley

Overall

Jul 1 thru Sep 30, 2011

To Date

Total Projected Budget from All Sources	N/A	\$357,713.00
Total CDBG Program Funds Budgeted	N/A	\$357,713.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Town of Apple Valley	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Funds will be used to acquire and rehabilitate vacant foreclosed properties for the purposes of providing affordable multi-residential rental projects or transitional housing facilities. Apple Valley may partner with non-profit as well as for-profit developers and may endeavor to participate in joint regional partnerships to further carry out continuum-of-care goals which may include transitional housing. Affordability covenants meeting, at a minimum, the requirement set by HOME regulations will be placed on all properties participating in this program. The average purchase discount for all properties purchased with NSP-3 funds shall be at least 1%.

Location Description:

- A. Otoe Road, east to Dale Evans Parkway, south to Thunderbird Road, west to Rancherias Road, north to Otoe Road. (Exhibit 1).
- B. Ottawa Road east to Manhasset, south to Sitting Bull, west to Navajo Road. (Exhibit 3).
- C. Pahute Road east to Pawnee Road, south to Klamath Road, west to Algonquin Road. (Exhibit 4).
- D. Ottawa Road east to Mohawk Road, south to Lone Eagle, west to Kiowa Road. (Exhibit 5).

Activity Progress Narrative:

On a daily basis, Housing Staff is tracking and carefully analyzing vacant and foreclosed property lists and inventories through various resources such as local real estate firms and brokers, Realty Track, NSP Property Inventory, to name a few. Although qualified properties have yet to be identified, staff is confident our activities will come to fruition.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/5

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/5
# of Multifamily Units	0	0/5

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	
