



U.S. Department of Housing and Urban Development
Los Angeles Area Office, Pacific/Hawaii
611 West Sixth Street
Los Angeles, California 90017

Mr. Frank W. Robinson
Town Manager
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA

NOV 14 2013

Dear Mr. Robinson:

SUBJECT: 2012 Program Year Review Letter
HUD Consolidated Plan Programs

This letter highlights significant achievements made by the Town of Apple Valley utilizing HUD Consolidated Plan program funds, more specifically, the Community Development Block Grant (CDBG) and the Home Investment Program (HOME).

The attached assessment is based upon the Town's 2012 Consolidated Annual Performance and Evaluation Report (CAPER), reports from the Integrated Disbursement and Information System (IDIS) and our review of your five-year Consolidated Plan. The assessment also calls attention to those areas in which the Town should concentrate its efforts to improve performance.

If you have any comments, please provide your written comments within 30 calendar days from the date of this letter. We will take your comments under careful consideration. If you have no comments we will proceed to make the Program Year assessment letter available to the public. We also encourage each grantee to share this document with its public. A copy of our assessment should also be provided to your independent public accountant and/or external audit team as required by OMB Circular A-133.

Based upon our review of your CAPER, we have determined that overall performance for the Town of Apple Valley is satisfactory. The Town of Apple Valley received a CDBG grant in the amount of \$581,334. Also, a Home Investment Partnerships (HOME) grant in the amount of \$513,588 was received for the Consortium of the Town of Apple Valley and the City of Victorville

The Town of Apple Valley met most of their annual goals for the reporting period. The correlation between some of the consolidated plan goals and the current reporting goals was not clear. The Town may need to reevaluate some of the goals established in the current consolidated plan to allow for more correlation between the goals of the consolidated plan and the accomplishments of the annual reports.

Please find enclosed a detailed assessment of the Town's performance. If you have any questions, please call John Cook, your Senior Community Planning and Development Representative at (213) 534-2573.

Sincerely,



William Vasquez
Director
Office of Community Planning
and Development

Enclosure

cc: Lori Lamson, Community Development Director

TOWN OF APPLE VALLEY
 Consolidated Annual Performance and Evaluation Report
 First of Five-Year Consolidated Plan Period
 July 1, 2012 to June 30, 2013

INTRODUCTION

Our Office reviewed the Town of Apple Valley’s Consolidated Annual Performance and Evaluation Report (CAPER), covering the period of July 1, 2012 to June 30, 2013, which represents the first year in its five-year Consolidated Plan cycle. Apple Valley received \$581,334 of CDBG funds and \$513,588 of HOME consortium funds in Program Year 2012.

The Town’s progress was compared to its annual and cumulative five-year Consolidated Plan goals. Any known performance issues identified have also been considered in our evaluation. A summary of our assessment is provided below.

Continuum of Care

Satisfactory Performance

The Town of Apple Valley anticipated annually assisting approximately 100 homeless or at-risk homeless persons, including victims of domestic violence with related support services, emergency shelter, transitional and permanent housing. During the program year CDBG funds in the amount of \$14,716 were expended to provide shelter and services to 53 homeless or at-risk homeless individuals at the High Desert Homeless Shelter. An additional \$10,716 was allocated to Catholic Charities to provide emergency rental or mortgage payment assistance to 24 low-income Apple Valley residents in an effort to prevent evictions and foreclosures and to assist homeless families returning to market rate housing. In addition, the Town is supportive of future development of a transitional housing facility, as evidenced in the NSP 3 Action Plan. The Town fell short of meeting the one year for this priority and may want to adjust their goals for future years to more accurately reflect possible accomplishments with the limited funding available.

CONTINUUM OF CARE	Five-Year		2012	
	Goal	Cumulative (One-Year) Accomplishment	Goal	One-Year Accomplishment
Community Development Priority #6: Provide shelter and related services to meet the needs of the homeless population and support the development of a continuum of care on a regional basis				
	500	77	100	77

Decent Housing

Satisfactory Performance

During the program year, the Town used a variety of funding sources to address its housing priorities. These sources included: CDBG, HOME, NSP, the Section 8 Certificates and Vouchers Program, and CalHome Funding. These funds were used for acquisition, rehabilitation, new construction, rental assistance, minor home repair, and first-time homebuyer assistance. The Town met most of their housing goals.

Priority #1 is to preserve the existing single-family housing stock by implementing rehabilitation programs. The goal for the 2012-2016 five-year plan is for the Consortium to assist 135 (60 Apple Valley and 75 Victorville) single-family housing units with housing rehabilitation activities. During the year in Apple Valley, approximately \$455,598 in CDBG and HOME funds and \$48,200 in CalHome funds were expended to assist 23 households. An additional 18 households have been processed but not funded, and 35 households are on the waiting list to correct health and safety, code violations and incipient repairs under the Residential Rehabilitation Loan Program. During the year in Victorville, \$223,399 in HOME funds were expended to assist 22 households. Also during the year, CalHome funds in the amount of \$1,000,000 have again been awarded to Apple Valley for use in a combination of Owner Occupied Rehabilitation and Down Payment Assistance programs. The Town exceeded their one year goal for this priority.

Priority # 2 is to expand the supply of affordable housing. The goal for the five year Consolidated Plan cycle was for the Consortium to provide new construction for eighty-one (81) housing units. During the year the Town continued to explore opportunities for the construction of affordable quality rental housing developments to benefit low to very low income households. In 2012, the Town expended \$229,067 in HOME funds to assist in the development of a 34 unit for-sale condominium project. The development will be completed during the 2013-2014 fiscal year. However, the Town's ability to finance future new construction projects has been substantially constrained by the demise of its redevelopment agency and the subsequent loss of the former Agency's Low and Moderate Income Fund, a primary funding source for development of affordable housing. The Town fell short of meeting the goal for this priority.

Priority # 3 is to assist in reducing housing costs of extremely low- and low-income households. The Town of Apple Valley and the City of Victorville provide rental subsidy assistance through the Section 8 Certificate and Voucher Program. During the year, the Housing Authority issued 343 units and 929 units of Section 8 assistance to Apple Valley and Victorville, respectively. In addition, San Bernardino Community Action Partnership provided weatherization assistance to 551 households. The San Bernardino Community Action Partnership also provided utility payment assistance to 746 households. In Apple Valley, Catholic Charities provided emergency rental/mortgage assistance to 24 households.

Priority # 5 is to increase affordable homeownership opportunities. The goal is to provide homeownership opportunities through the implementation of homebuyer

assistance programs that offer assistance with down payment and closing costs. Apple Valley and Victorville anticipated providing assistance to 15 to 30 households, respectively. During the program year, \$433,036 of CalHome funding was expended to assist 12 households in purchasing housing. The Town exceeded their one year goal for this priority.

Priority # 5 is to eliminate blighted conditions and substandard housing through enhanced code enforcement. The five year goal is to provide concentrated code enforcement activities in low-income target areas. Apple Valley anticipated investigating 6,000 cases of code violations through implementation of its code enforcement activities to include Proactive Code Enforcement, POP Code Enforcement, Community Enhancement Program and Graffiti Removal Program. During the year, the Town utilized general funds to process 5,489 general code enforcement cases Town-wide. The POP Code Enforcement Program completed 143 investigations this year. The program partners a code enforcement officer with a police officer to identify and enforce health, safety and code violations and address criminal elements concurrently. The Town greatly exceeded their one year goal for this priority.

DECENT HOUSING	Five-Year		2012	
	Goal	Cumulative (One-Year) Accomplishment	Goal	One-Year Accomplishment
Housing Strategy:				
Goal 1: Preserve single family housing stock				
	100	29	20	29
Goal 2: Expand the supply of affordable housing				
	81	0	16	0
Goal 3: Assist in reducing housing costs of extremely low- and low-income households				
	Not defined			
Goal 5: Increase affordable homeownership opportunities				
	45	12	9	12
Goal 6: Eliminate blighted conditions and substandard housing through enhanced code enforcement				
	6000	5489	1200	5489

Suitable Living Environment

Satisfactory Performance

The Town utilized CDBG funds for public service and public facilities and improvements. The Town expended \$92,671.50 for public service activities to serve the homeless, youth, seniors, low-income persons, emergency housing assistance, fair housing, and tenant/landlord mediation. A total of 18,147 individuals and families were provided assistance using the public service funding. The Town also expended \$422,511 of CDBG funds for public facilities and improvements for neighborhood and street improvements, a park, and a community center.

Economic Opportunity Satisfactory Performance

The Town's priority for economic development is to promote and stimulate job creation/retention activities for low/moderate-income residents. The Town's goal is to create 20 jobs by implementing business attraction and retention programs and by supporting job training. CDBG funding in the amount of \$5,000 was expended to provide 28 adults residents with literacy classes to develop employability in the workforce. No actual jobs were created though. Thus, the Town did not meet the goals established for economic development this current year.

Program Requirements Satisfactory Performance

The projects undertaken with CDBG funds were reviewed for eligibility and compliance with regulatory requirements. Expenditures were reviewed for compliance with the public service and administrative caps. Overall expenditures were reviewed for productivity, program beneficiaries and timeliness. As of September 26, 2013, the Town's CDBG ratio was 1.74. The Town will need to expend \$137,721 by April 30th, 2014 to meet the CDBG timeliness requirement. The Town of Apple Valley is in compliance with the public service program cap, the planning and administration cap and the overall benefit threshold for CDBG. A summary of our analysis is presented in the chart below:

CDBG	Total Expenditures and Obligations	Percentage
Planning & Administration	\$116,266	19.99 % (20 percent maximum)
Public Services	\$87,200	14.91% (15 percent maximum)
Primary Objective (overall benefit)	\$428,013	58.23% (70 percent minimum) First year of 3 year certification period
Timeliness of Expenditures		0.99 ratio (1.5 minimum ratio)

IDIS Reporting Satisfactory Performance

The Town utilized the IDIS system to manage its CDBG and HOME programs in Program Year 2012. The Town's input into the database was sufficient to generate reports from the IDIS reporting module. The Town is reminded to update the accomplishment data information at quarterly intervals to allow HUD and local stakeholders to evaluate performance information and obtain up-to-date program information on a routine basis.

Other HUD Programs

The Town's 2012 Program Year fair housing activities and actions taken to address the impediments identified in its fair housing analysis (AI) are being reviewed by the Civil Rights Division. The results of the review will be addressed under separate cover.

Single Audit Issues

In addition to the typical areas reviewed during the annual single audit, we would highlight the following program areas for audit consideration:

Sub-recipient Activity/Commercial Contracts: Examine the recipient's system for monitoring sub-recipients and commercial contracts.

Activities/Objectives: Identify eligible activities funding with CDBG funds; test expenditures and related records: for selected activities, review documentation showing how national objectives are met.

20 percent Planning and Administration Cap: Ascertain the total amount of grant and program income. Review the financial records to determine the amount expended for planning and administration.

Environmental Review: Select a sample of projects on which expenditures have been made and determine whether environmental reviews have been performed in conformance with 24 CFR Part 58.34-35

Acquisition and Relocation: Select a sample of completed projects involving acquisition of real property, particularly existing homeowner and rental property. Determine that property owners and/or tenants were provided with proper notices and compensation under the Uniform Relocation and Real Property Acquisition (URA) Act and Section 104(d).