

**Grantee: Apple Valley, CA**

**Grant: B-11-MN-06-0502**

**April 1, 2013 thru June 30, 2013 Performance Report**

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**Grant Number:**

B-11-MN-06-0502

**Obligation Date:****Award Date:****Grantee Name:**

Apple Valley, CA

**Contract End Date:**

03/07/2014

**Review by HUD:**

Reviewed and Approved

**Grant Amount:**

\$1,463,014.00

**Grant Status:**

Active

**QPR Contact:**

Christopher Moore

**Estimated PI/RL Funds:**

\$0.00

**Total Budget:**

\$1,463,014.00

**Disasters:****Declaration Number**

No Disasters Found

**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[iii] 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)

Moore, Christopher

Email Address

cmoore@applevalley.org

Phone Number

760 240-7000 extension 7921



Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,463,014.00
Total Budget	\$0.00	\$1,463,014.00
Total Obligated	\$554,000.00	\$1,462,518.84
Total Funds Drawdown	\$143,249.61	\$938,630.59
Program Funds Drawdown	\$143,249.61	\$938,630.59
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$163,030.66	\$943,291.67
Match Contributed	\$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	\$52,108.09
Limit on State Admin	\$0.00	\$52,108.09

## 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	\$233,928.25

## Overall Progress Narrative:

Escrow has closed for acquisition of a four plex for Project #3-Acquisition/Rehab for MFR Use. Rehabilitation is being implemented by non-profit Family Assistance Program. Once completed the units will house families who are victims of domestic violence. An agreement has been executed between the Town and non profit Neighborhood Housing Services of the Inland Empire to acquire and rehabilitate single family residences to be sold at affordable rates to low and moderate income households. No suitable eligible properties have been identified and closed in escrow at this time. Property inventory is extremely low in eligible areas and high demand is spurred by cash investors aggressively bidding for all available properties.

## Project Summary

Project #, Project Title

This Report Period

To Date

Program Funds  
Drawdown

Project Funds  
Budgeted

Program Funds  
Drawdown

001, Program Administration	\$15,523.78	\$146,301.00	\$52,108.09
002, New Construction//Acquisition for MFR Uses	\$0.00	\$657,713.00	\$654,291.83
004, Down Payment Assistance	\$0.00	\$105,000.00	\$104,504.84
03, Acquisition/Rehab for MFR Uses	\$127,725.83	\$275,000.00	\$127,725.83
5, Acquisition/Rehabilitation for Single-Family Uses	\$0.00	\$279,000.00	\$0.00



## Activities

**Grantee Activity Number:** 001

**Activity Title:** Acquisition/Rehabilitation for Single Family Use

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Project Number:**

5

**Projected Start Date:**

10/29/2012

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Under Way

**Project Title:**

Acquisition/Rehabilitation for Single-Family Uses

**Projected End Date:**

10/01/2013

**Completed Activity Actual End Date:**

**Responsible Organization:**

Town of Apple Valley

**Overall**

**Total Projected Budget from All Sources**

**Apr 1 thru Jun 30, 2013**

N/A

**To Date**

\$69,500.00

**Total Budget**

(\$69,000.00)

\$69,500.00

**Total Obligated**

\$69,500.00

\$69,500.00

**Total Funds Drawdown**

\$0.00

\$0.00

**Program Funds Drawdown**

\$0.00

\$0.00

**Program Income Drawdown**

\$0.00

\$0.00

**Program Income Received**

\$0.00

\$0.00

**Total Funds Expended**

\$0.00

\$0.00

**Match Contributed**

\$0.00

\$0.00

**Activity Description:**

Acquisition/Rehab of single family residence

**Location Description:**

Properties located within eligible NSP3 areas.

**Activity Progress Narrative:**

## 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	

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<b>Grantee Activity Number:</b>	<b>002</b>
<b>Activity Title:</b>	<b>Acquisition/Rehabilitation of Single Family Use</b>

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Project Number:**

5

**Projected Start Date:**

10/29/2012

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Acquisition/Rehabilitation for Single-Family Uses

**Projected End Date:**

10/04/2013

**Completed Activity Actual End Date:**
**Responsible Organization:**

Town of Apple Valley

**Overall**
**Total Projected Budget from All Sources**
**Total Budget**
**Total Obligated**
**Total Funds Drawdown**
**Program Funds Drawdown**
**Program Income Drawdown**
**Program Income Received**
**Total Funds Expended**
**Apr 1 thru Jun 30, 2013**

N/A

(\$206,000.00)

\$209,500.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

**To Date**

\$209,500.00

\$209,500.00

\$209,500.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

**Match Contributed**

\$0.00

\$0.00

**Activity Description:**

Acquisition/Rehab of Single Family residences

**Location Description:**

Properties located within the NSP3 eligible areas

**Activity Progress Narrative:**
**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	

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<b>Grantee Activity Number:</b>	<b>01</b>
<b>Activity Title:</b>	<b>Program Administration</b>

**Activity Category:**

Administration

**Project Number:**

001

**Projected Start Date:**

03/07/2011

**Benefit Type:**

( )

**National Objective:**

N/A

**Activity Status:**

Under Way

**Project Title:**

Program Administration

**Projected End Date:**

03/07/2014

**Completed Activity Actual End Date:**
**Responsible Organization:**

Town of Apple Valley

**Overall**
**Total Projected Budget from All Sources**
**Apr 1 thru Jun 30, 2013**

N/A

**To Date**

\$146,301.00

**Total Budget**

\$0.00

\$146,301.00

**Total Obligated**

\$0.00

\$146,301.00

**Total Funds Drawdown**

\$15,523.78

\$52,108.09

**Program Funds Drawdown**

\$15,523.78

\$52,108.09

**Program Income Drawdown**

\$0.00

\$0.00

**Program Income Received**

\$0.00

\$0.00

**Total Funds Expended**

\$34,960.23

\$56,424.57

Town of Apple Valley2

\$34,960.23

\$56,424.57

**Match Contributed**

\$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:**

3rd and 4th qtr salaries expended 34960.23, and 3rd qtr drawn 15,523.78

**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	

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<b>Grantee Activity Number:</b>	<b>03</b>
<b>Activity Title:</b>	<b>Acquisition/Rehabilitation for MFR Uses</b>

**Activity Category:**

Acquisition - general

**Project Number:**

03

**Projected Start Date:**

03/07/2011

**Benefit Type:**

( )

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Acquisition/Rehab for MFR Uses

**Projected End Date:**

03/07/2014

**Completed Activity Actual End Date:**
**Responsible Organization:**

Town of Apple Valley

**Overall**
**Total Projected Budget from All Sources**
**Apr 1 thru Jun 30, 2013**

N/A

**To Date**

\$275,000.00

**Total Budget**

\$275,000.00

\$275,000.00

**Total Obligated**

\$275,000.00

\$275,000.00

**Total Funds Drawdown**

\$127,725.83

\$127,725.83

**Program Funds Drawdown**

\$127,725.83

\$127,725.83

**Program Income Drawdown**

\$0.00

\$0.00

**Program Income Received**

\$0.00

\$0.00

**Total Funds Expended**

\$128,070.43

\$128,070.43

Town of Apple Valley2

\$128,070.43

\$128,070.43

**Match Contributed**

\$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:**

Purchase and escrow costs to date. Fourplex currently in process of rehabilitation. Construction expected to be complete in third quarter, units then ready for occupancy.

**Accomplishments Performance Measures**
**This Report Period**
**Total**
**Cumulative Actual Total / Expected**
**Total**


# of Properties	0	0/5
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	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	

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