

**TOWN OF
APPLE VALLEY, CALIFORNIA
AGENDA MATTER**

Subject Item:

FIVE YEAR CONSOLIDATED PLAN AMENDMENT, TO INCLUDE NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP 3) FUNDS

Summary Statement:

The Dodd-Frank Wall Street Reform and Consumer Protection Act appropriated \$1 billion in a third round of Neighborhood Stabilization Program funds to all states, along with a number of counties and local communities struggling to reverse the effects of the foreclosure crisis. Funding is targeted as emergency assistance to state and local governments to acquire, redevelop or demolish foreclosed properties. On Wednesday, September, 8, 2010, Town staff received notification from the U.S. Department of Housing and Urban Development (HUD) that the Town of Apple Valley will receive approximately \$1,463,014. In order to receive these funds, the Town must prepare an additional action plan for the Neighborhood Stabilization Program 3 (NSP 3) and amend the 2010-2011 Action Plan. The NSP 3 Action plan must be submitted to HUD no later than March 1, 2011.

CONSOLIDATED PLAN SUMMARY - The Consolidated Plan is a comprehensive five-year strategy (2007-2012) that addresses the use of Federal grant/entitlement funds for the purpose of meeting the goals of providing decent housing, a suitable living environment and expanded economic opportunities, principally for low- and moderate-income persons.

The Consolidated Plan combines the application and reporting requirements for four Federal formula grant programs. It replaces the Comprehensive Housing Affordability Strategy (CHAS) and consolidates applications for the Community Development Block Grant (CDBG), Home Investment Partnerships Act (HOME), Emergency Shelter Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), Neighborhood Stabilization Program 1 (NSP 1) and the most recent addition of the Neighborhood Stabilization Program 3 (NSP 3).

Recommended Action:

That the Town Council approve the proposed amendment to its 2010-2011 Action Plan to incorporate the Neighborhood Stabilization Program 3; and authorize and direct the Town Manager to execute any necessary contract related documents on behalf of the Town.

Proposed by: Assistant Town Manager, Econ & Community Dev. Item Number: _____

T.M. Approval: _____ Budgeted Item Yes No N/A

Summary Statement - Continued
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The Consolidated Plan is composed of three parts: 1). The first section of the Consolidated Plan evaluates the Housing and Community Development needs of the Apple Valley/Victorville Consortium. This includes an assessment of housing needs for extremely low, very low, and, low- and moderate-income families, including the needs of homeless individuals and families. In addition, a housing market analysis was completed that includes a review of housing; 2). Based on this information, a five-year strategic plan was developed, which includes priorities for assisting categories of residents by income level, objective statements, proposed programs, as well as accomplishments that are expected to be achieved in the next five years; 3). An annual Action Plan provides a one-year investment plan, which outlines the intended use of resources, descriptions of activities to be undertaken, and the specific objectives and priority needs to be addressed. The proposed amendment to the Consolidated Plan will add an additional Action Plan for the implementation of the Neighborhood Stabilization Program 3 (NSP 3).

COMMUNITY DEVELOPMENT BLOCK GRANT/ (CDBG)/NEIGHBORHOOD STABILIZATION PROGRAM 3 (NSP 3)

The Federal Housing and Community Development Act of 1974, as amended, provides Federal Community Development Block Grant funds for projects that promote the development of viable, urban communities by providing decent housing and suitable living environments and expanding economic activities, principally for persons of low- and moderate-income. The Dodd-Frank Wall Street Reform and Consumer Protection Act provides \$1 billion in funds that are generally to be construed as CDBG program funds for CDBG entitlement communities to use for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties.

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) PROJECT FUNDING

Proposed Funding: The Town expects to receive \$1,463,014 in Neighborhood Stabilization Program 3 grant funds for FY 2010-2011 for the period beginning on or around June 1, 2011. Per HUD regulations, jurisdictions are required to expend 50 percent of the grant within two (2) years and 100 percent of the grant within three (3) years. Furthermore, 25% of the grant allocation or \$365,754 must be set-aside for households at 50% Area Median Income (AMI) or less. Due to ever-changing market conditions, the Neighborhood Stabilization Program 3 (NSP 3) will need to maintain a level of flexibility by permitting the transfer 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).

Summary Statement - Continued
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Proposed Projects: Proposed Neighborhood Stabilization Program 3 (NSP 3) activities are outlined below:

| | |
|---------------------------------------------------------|-------------|
| Acquisition/New Construction for Multi-Residential Uses | 854,000 |
| Acquisition/Rehabilitation for Multi-Residential Uses | 357,713 |
| Down Payment Assistance | 105,000 |
| Program Administration (10% Cap) | 146,301 |
| Program Allocation | \$1,463,014 |

Based upon the foregoing, staff recommends adoption of the form motion.

TOWN OF APPLE VALLEY

NSP-3 Substantial Amendment

February 11, 2011

DRAFT

TOWN COUNCIL

SCOTT NASSIF

Mayor

BARB STANTON

Mayor Pro-Tem

GINGER COLEMAN

Councilmember

CURT EMICK

Councilmember



RICK ROELLE

Councilmember

FRANK ROBINSON

Town Manager

PREPARED BY:

Town of Apple Valley

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1. NSP-3 Grantee 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 |

2. Areas of Greatest Need

Map Submission

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

The areas of greatest need were determined using the HUD User GIS Maps and associated NSP-3 Planning Data. Although HUD provides planning data at the census tract level, statistics on a Town-wide level indicate areas of greatest need are Town-wide. This information is consistent with previous data collected by the Town relative to NSP 1 in identifying the areas of greatest need. The NSP-3 Planning Data provides the following information on a Town-wide basis:

- Town-wide Neighborhood NSP-3 Score: 19.46
- Foreclosure starts from July 2009 to June 2010: 1,754
- Real Estate Owned (REO) properties from July 2009 to June 2010: 990
- Percentage of high cost loans (2004-2007): 29.55%
- Percentage of housing units 90 or more days delinquent or in foreclosure: 20.82%
- Total housing units to receive a mortgage between 2004 and 2007: 17,323
- Percentage fall in home values since peak value : -44.3%
- Unemployment rate (June 2010): 14.99%
- USPS residential addresses in neighborhood: 25,943
- Residential vacancy rate 90 or more days (USPS, March 2010): 1,017
- Residential no stats (USPS, March 2010): 626

The Town-wide data establishes that each of the 12 census tracts in the Town limits has a Neighborhood NSP-3 score between 18 and 20, which meets and exceeds the minimum state threshold of 17. In order to comply with the NSP-3 requirement that funds be concentrated in areas demonstrating the greatest need, the Town selected five target areas: Exhibits 1, 2, 3, 4 and 5.

Address local 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.

Range of interest rates:

No interest will be applied to these funds.

Duration or term of assistance:

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.

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 residentsⁱ and business concernsⁱⁱ 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.

Preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

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

- Expand the supply of affordable housing
- Assist in reducing housing costs of extremely low-and low-income households
- 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.

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.

The areas of greatest need were established using the NSP-3 Planning Data and HUD User GIS Maps in selecting neighborhoods that require a focused investment, while at the same time taking into consideration available resources, and NSP-3 criteria. According to the NSP-3 Planning Data, the neighborhoods selected by the Town of Apple Valley must meet the state minimum threshold NSP-3 score of 17.

Neighborhood ID: 6613464 (Exhibit 1): Neighborhood NSP-3 Score: 20. The number of USPS residential addresses is recorded at 1,551, however, as of March 2010, 104 units are reported at a vacancy rate of 90 days or more and 27 residential addresses reported as NoStat by the United States Postal Service. The total number of housing units to receive a mortgage between 2004 and 2007 is 692 and the percentage of housing units with a high cost mortgage is 32.9%. The NSP-3 Planning Data indicates 21.9% of the housing units in this neighborhood are 90 days delinquent on mortgage payments or are in foreclosure; 73 foreclosure starts were reported this year. Additionally, the number of Real Estate Owned (REO) properties from July 2009 to June 2010 is 41. The data indicates that 88.7% of the

residents are below 120% AMI and that 73.12% of the residents are below 80% AMI. In addition, the selected neighborhood has an unemployment rate of 15%. Due to a past history of low density zoning, very few rental properties are available in Apple Valley. What needs to be taken into consideration is that the limited supply of rental housing is comprised primarily of two, three and four unit properties, making it difficult to acquire larger projects and benefit from the economies of scale. This neighborhood's rental stock is generally obsolete and in deteriorated condition, such that it represents a major blighting influence in this neighborhood. Therefore, any acquisition/rehabilitation of the small rental projects would provide a substantial visible improvement to the neighborhood. That leads us to conclude that an impact number of 10 would provide a reasonable goal in this neighborhood.

Neighborhood ID: 515775 (Exhibit 2): Neighborhood NSP-3 Score: 18. The number of USPS residential addresses is recorded at 353, however, as of March 2010, 6 units are reported at a vacancy rate of 90 days or more and 32 residential addresses reported as NoStat by the United States Postal Service. The total number of housing units to receive a mortgage between 2004 and 2007 is 122 and the percentage of housing units with a high cost mortgage is 17.4%. The NSP-3 Planning Data indicates 16.1% of the housing units in this neighborhood are 90 days delinquent on mortgage payments or are in foreclosure; 9 foreclosure starts were reported this year. Additionally, the number of Real Estate Owned (REO) properties from July 2009 to June 2010 is 5. The data indicates that 74.47% of the residents are below 120% AMI and that 46.24% of the residents are below 80% AMI. In addition, the selected neighborhood has an unemployment rate of 15%. The HUD suggested Impact Number of 2 is a reasonable goal.

Neighborhood ID: 4786437 (Exhibit 3): Neighborhood NSP-3 Score: 20. The number of USPS residential addresses is recorded at 256, however, as of March 2010, 10 units are reported at a vacancy rate of 90 days or more and 6 residential addresses reported as NoStat by the United States Postal Service. The total number of housing units to receive a mortgage between 2004 and 2007 is 153 and the percentage of housing units with a high cost mortgage is 36.4%. The NSP-3 Planning Data indicates 23.1% of the housing units in this neighborhood are 90 days delinquent on mortgage payments or are in foreclosure; 17 foreclosure starts were reported this year. Additionally, the number of Real Estate Owned (REO) properties from July 2009 to June 2010 is 10. The data indicates that 80.5% of the residents are below 120% AMI and that 66.8% of the residents are below 80% AMI. In addition, the selected neighborhood has an unemployment rate of 15%. The HUD suggested Impact Number of 3 is a reasonable goal.

Neighborhood ID: 1532012 (Exhibit 4) : Neighborhood NSP-3 Score: 20. The number of USPS residential addresses is recorded at 118, however, as of March 2010, 5 units are reported at a vacancy rate of 90 days or more and 2 residential addresses reported as NoStat by the United States Postal Service. The total number of housing units to receive a mortgage between 2004 and 2007 is 83 and the percentage of housing units with a high cost mortgage is 35.67%. The NSP-3 Planning Data indicates 23.1% of the housing units in this neighborhood are 90 days delinquent on mortgage payments or are in foreclosure; 9 foreclosure starts were reported this year. Additionally, the number of Real Estate Owned (REO) properties from July 2009 to June 2010 is 5. The data indicates that 71.54% of the residents are below 120% AMI and that 57.33% of the residents are below 80% AMI. In addition, the selected neighborhood has an unemployment rate of 15%. The HUD suggested Impact Number of 2 is a reasonable goal.

Neighborhood ID: 1445770 (Exhibit 5): Neighborhood NSP-3 Score: 20. The number of USPS residential addresses is recorded at 667, however, as of March 2010, 33 units are reported at a vacancy rate of 90 days or more and 4 residential addresses reported as NoStat by the United States Postal Service. The total number of housing units to receive a mortgage between 2004 and 2007 is 542 and the percentage of housing units with a high cost mortgage is 34.8%. The NSP-3 Planning Data indicates 23.1% of the housing units in this neighborhood are 90 days delinquent on mortgage payments or are in foreclosure; 60 foreclosure starts were reported this year. Additionally, the number of Real Estate Owned (REO) properties from July 2009 to June 2010 is 34. The data indicates that 80.53% of the residents are below 120% AMI and that 65.6% of the residents are below 80% AMI. In addition, the selected neighborhood has an unemployment rate of 15%.

Due to a past history of low density zoning, very few rental properties are available in Apple Valley. What needs to be taken into consideration is that the limited supply of rental housing is comprised primarily of two, three and four unit properties, making it difficult to acquire larger projects and benefit from the economies of scale. This neighborhood’s rental stock is generally obsolete and in deteriorated condition, such that it represents a major blighting influence in this neighborhood. Therefore, any acquisition/rehabilitation of the small rental projects would provide a substantial visible improvement to the neighborhood. That leads us to conclude that an impact number of 6 would provide a reasonable goal in this neighborhood.

3. Definitions and Descriptions

Definitions

| Term | Definition |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 which are attached as Exhibit 6. |
| Affordable Rents | <p>“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.</p> <p>“Affordable mortgage payments”-- principal, interest, taxes and insurance shall not exceed 30% of household’s adjusted income.</p> |

Descriptions

| Term | Definition |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.

| Rental Housing Activity | Minimum Period of Affordability |
|---------------------------------------------------------------|---------------------------------|
| Rehab or acquisition of existing housing per unit assistance: | Years |
| < \$15,000 | 5 |
| \$15,000 - \$40,000 | 10 |
| >\$40,000 or rehab involving financing | 15 |
| New construction or acquisition of newly constructed housing | 20 |

Subsequent rents during the affordability period:

The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions. The rents are not required to be lower than the HOME rent limits for the project in effect at the time of the project commitment.

Apple Valley will provide project owners with updated HOME rent limits so rents may be adjusted (not to exceed) the maximum HOME limits in accordance with the written agreement between the participating jurisdiction and the owner. The owner is required to provide rent/occupancy information on an annual basis in order to demonstrate compliance with this regulation.

Any increase in rents for HOME-assisted units is subject to the provisions of outstanding leases, and the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.

Housing Rehabilitation 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

| | |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>California Mechanical Code, 2007 Edition</p> <p>California Energy Code 2007 Edition</p> <p>ADA and Section 504 compliance</p> <p>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.</p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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.

| |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>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.</p> |
| <p>Response:</p> <p>Total low-income set-aside percentage (must be no less than 25 percent): 25.00%</p> <p>Total funds set aside for low-income individuals = \$365,754.</p> |

Meeting Low-Income Target

| |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Provide a summary that describes the manner in which the low-income targeting goals will be met.</p> |
| <p>Response:</p> <p>The Town of Apple Valley will target a minimum of 25 percent or \$365,754 for housing individuals or families whose incomes do not exceed 50 percent of area median income.</p> |

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

| | |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <p>Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?</p> | <p>No</p> |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------|

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-3-assisted activities. | N/A |
| The number of NSP-3 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-3 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. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Response:</p> <p>An agenda item presented to Town Council on February 22, 2011, outlined the scope of the Neighborhood Stabilization Program 3 (NSP-3) and the activities the Housing Section will implement to expend the funding. Apple Valley Town Council meetings are available for viewing via webcast streaming at www.applevalley.org. A public notice summarizing and making available the proposed NSP-3 Action Plan for public comment was published in the Apple Valley News on February 11, 2011. On February 9, 2011, the Community Development Citizens Advisory Committee met to provide citizen input. As of February 11, 2011, the NSP-3 Action Plan was circulated via the Town’s website (http://www.applevalley.org/Index.aspx?page=185), with additional hard copies available at the Town Hall – Town Clerk’s Office, Police Department and the Newton T. Bass Library. The proposed NSP-3 Action Plan and corresponding amendment to the 2010-2011 Action Plan was reviewed and approved by Council on February 22, 2011.</p> |

Summary of Public Comments Received.

The summary of public comments received is included as Exhibit 7.

7. NSP-3 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.

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.

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).

| Activity Number 1 | |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity Name | Acquisition/New Construction for Multi-Residential Uses |
| Uses | Select all that apply: <input 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 checked="" type="checkbox"/> Eligible Use E: Redevelopment |
| CDBG Activity or Activities | CDBG 24 CFR 570.201 (a), acquisition New construction of housing is eligible as part of the redevelopment of demolished or vacant properties |
| National Objective | Beneficiaries will be restricted to low-and moderate income clientele as defined by the NSP-3 notice. All participants will be restricted to the income levels below 120% as mandated by HUD. |
| Activity Description | Neighborhood ID: 6613464, 5157775, 4786437, 1532012 and 1445770. 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%. |

| | | |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Local Description | <p>A. Otoe Road, east to Dale Evans Parkway, south to Thunderbird Road, west to Rancherias Road, north to Otoe Road. (Exhibit 1).</p> <p>B. Sequoia Road immediately south of Bear Valley Road and west of Kiowa Road. (Exhibit 2).</p> <p>C. Ottawa Road east to Manhasset, south to Sitting Bull Road, west to Navajo Road. (Exhibit 3).</p> <p>D. Pahute Road east to Pawnee Road, south to Klamath Road, west to Algonquin Road. (Exhibit 4).</p> <p>E. Ottawa Road east to Mohawk Road, south to Lone Eagle, west to Kiowa Road. (Exhibit 5).</p> | |
| Budget | Source of Funding | Dollar Amount |
| | NSP-3 | \$854,000 |
| | (Other funding source) | \$To be determined |
| Total Budget for Activity | \$854,000 | |
| Performance Measures | <p>The Town of Apple Valley will target the following percentages of funds towards the following household income categories:</p> <p>25% - 50% or less of adjusted median income</p> <p>75% - 51-80% of adjusted median income</p> <p>Due to the fluctuating conditions in the housing market as well as varying restrictions resulting from multi-layered financing mechanisms necessary to successfully finance affordable housing projects, it is difficult to project the total number of units that will be constructed for the benefit of each income category at this time. Therefore, the percentages may fluctuate but a minimum of at least 25% of all NSPE funds will be used to serve households at 50% or less of adjusted median income. A total of 20-50 households are projected be assisted.</p> <p>Tenure of beneficiaries: Renters</p> | |
| Projected Start Date | Upon execution of NSP-3 contract with the exception of eligible pre-award costs. | |
| Projected End Date | The Town of Apple Valley will expend 50 percent of the grant within two years and 100 percent of the grant within three years from date of execution of the NSP-3 contract. | |
| Responsible Organization | Name | Town of Apple Valley |
| | Location | 14955 Dale Evans Parkway Apple Valley, CA 92307 |
| | Administrator Contact Info | Cindy Amagrande 760 240-7000 x 7916 camagrande@applevalley.org |

| Activity Number 2 | | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Activity Name | Acquisition/Rehabilitation for Multi-Residential Uses | |
| 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 | CDBG 24 CFR 570.201 (a), acquisition, and 570.202, rehabilitation | |
| National Objective | Beneficiaries will be restricted to low-and moderate income clientele as defined by the NSP-3 notice. All participants will be restricted to the income levels below 120% as mandated by HUD. | |
| Activity Description | Neighborhood ID: 6613464, 4786437, 1532012, 1445770. 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-3funds shall be at least 1%. | |
| Local 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). | |
| Budget | Source of Funding | Dollar Amount |
| | NSP-3 | \$357,713 |
| | (Other funding source) | \$ |
| | (Other funding source) | \$ |
| Total Budget for Activity | | \$357,713 |
| Performance Measures | The Town of Apple Valley will target the following percentages of funds towards the following household income categories: 25% - 50% or less of adjusted median income | |

| | | |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| | <p>75% - 51-80% of adjusted median income</p> <p>Due to a past history of low density zoning, very few rental properties are available in Apple Valley. What needs to be taken into consideration is that the limited supply of rental housing is comprised primarily of two, three and four unit properties, making it difficult to acquire larger projects and benefit from the economies of scale. This neighborhood's rental stock is generally obsolete and in deteriorated condition, such that it represents a major blighting influence in this neighborhood. Therefore, smaller projects totaling 2-4 units would provide a substantial visible improvement to the neighborhood. A total of 6-8 households are projected be assisted.</p> <p>Tenure of beneficiaries: Renters</p> | |
| Projected Start Date | Upon execution of NSP-3 contract with the exception of eligible pre-award costs. | |
| Projected End Date | The Town of Apple Valley will expend 50 percent of the grant within two years and 100 percent of the grant within three years from date of execution of the NSP-3 contract. | |
| Responsible Organization | Name | Town of Apple Valley |
| | Location | 14955 Dale Evans Parkway Apple Valley, CA 92307 |
| | Administrator Contact Info | Cindy Amagrande 760 240-7000 x 7916 camagrande@applevalley.org |

| Activity Number 3 | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity Name | NSP-3 Down Payment Assistance |
| Uses | 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 570.201(n) Homeownership Assistance |
| National Objective | Beneficiaries will be restricted to low, moderate and middle-income clientele as defined by the NSP-3 notice. All participants will be restricted to the income levels below 120% as mandated by HUD. |
| Activity Description | <p>Neighborhood ID: 6613464, 5157775, 4786437, 1532012 and 1445770. 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. The principal, interest, taxes and insurance will not exceed 30% of the household's adjusted median income. A 1% down payment is required of the household. The buyer will first secure a first mortgage with a fixed-rate, fully amortized, 30 year loan. The Town's assistance is in the form of a second mortgage loan at 0% interest rate, deferred and forgiven at the end of the term of the loan (30 years). If the property is sold, or the buyer ceases to occupy the residence, or the property is refinanced and cash is taken out, the loan will become immediately due and payable, unless the property is transferred in compliance with an affordability covenant. Affordability covenants or recapture provisions meeting, at a minimum, requirements set by HOME regulations will be placed on all properties participating in this program. All home buyers will attend an 8 hour home buyer education workshop prior to loan funding. In addition, the average purchase discount for all properties purchased with NSP-3 funds for this program shall be at least 1%.</p> <p>The tenure of beneficiaries shall be homeownership units; 100% of the funding allocated for this activity will benefit households at 50% or less of adjusted median income.</p> |
| Local Description | <ul style="list-style-type: none"> 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). |

| | | |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| | | |
| Budget | Source of Funding | Dollar Amount |
| | NSP-3 | \$105,000 |
| | (Other funding source) | \$ |
| | (Other funding source) | \$ |
| Total Budget for Activity | | \$105,000 |
| Performance Measures | <p>Due to fluctuating conditions in the housing price market, it is difficult to project the total number of units that will be acquired at this time; however the maximum loan amount is estimated to be \$35,000; the estimated number of units is 3. The activity goal is to arrest declining home values, reduce the number of vacant/abandoned residential properties and stabilize home prices in targeted neighborhoods.</p> <p>Tenure of Beneficiaries: Homeownership</p> | |
| Projected Start Date | Upon execution of NSP-3 contract with the exception of eligible pre-award costs. | |
| Projected End Date | The Town of Apple Valley will expend 50 percent of the grant within two years and 100 percent of the grant within three years from date of execution of the NSP-3 contract. | |
| Responsible Organization | Name | Town of Apple Valley |
| | Location | 14955 Dale Evans Parkway Apple Valley, CA 92307 |
| | Administrator Contact Info | Cindy Amagrande 760 240-7000 x 7916 camagrande@applevalley.org |

| Activity Number 4 | | |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Activity Name | NSP-3 Program Administration | |
| Use | Select all that apply: | |
| | <input 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 | Program Administration – 24 CFR 570.206 | |
| National Objective | N/A | |
| 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 | |
| Budget | Source of Funding | Dollar Amount |
| | NSP-3 | \$146,301 |
| | (Other funding source) | \$ |
| | (Other funding source) | \$ |
| Total Budget for Activity | \$146,301 | |
| Performance Measures | N/A | |
| Projected Start Date | Upon execution of NSP-3 contract with the exception of eligible pre-award costs. | |
| Projected End Date | The Town of Apple Valley will expend 50 percent of the grant within two years and 100 percent of the grant within three years from date of execution of the NSP-3 contract. | |
| Responsible Organization | Name | Town of Apple Valley |
| | Location | 14955 Dale Evans Parkway Apple Valley, CA 92307 |
| | Administrator Contact Info | Cindy Amagrande 760 240-7000 x 7916 camagrande@applevalley.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.

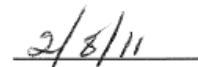
(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.



Signature/Authorized Official

Town Manager

Title



Date

Appendix: NSP-3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

1. NSP3 Grantee Information

| | Yes |
|--------------------------------------------------------------------------------------|-------------------------------------|
| Did you include the Program Administrator's name, address, phone, and email address? | <input checked="" type="checkbox"/> |

2. Areas of Greatest Need

| | Yes |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Does the narrative description describe how funds will give priority emphasis to areas of greatest need? | <input checked="" type="checkbox"/> |
| Does the narrative description specifically address how the funds will give priority emphasis to those areas: | |
| <ul style="list-style-type: none"> With the highest percentage of home foreclosures? | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> With the highest percentage of homes financed by subprime mortgage related loan?; and | <input checked="" type="checkbox"/> |
| <ul style="list-style-type: none"> Identified by the grantee as likely to face a significant rise in the rate of home foreclosures? | <input checked="" type="checkbox"/> |
| Did you create the area of greatest needs map at http://www.huduser.org/NSP/NSP3.html ? | <input checked="" type="checkbox"/> |
| Did you include the map as an attachment to your Action Plan? | <input checked="" type="checkbox"/> |
| ONLY Applicable for States: Did you include the needs of all entitlement communities in the State? | <input type="checkbox"/> |

3. Definitions and Descriptions

| | Yes |
|--------------------------------------------------------------------------------------------------------|-------------------------------------|
| Are the following definitions and topics included in your substantial amendment?: | <input type="checkbox"/> |
| <ul style="list-style-type: none"> Blighted structure in context of state or local law, | <input checked="" type="checkbox"/> |

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| <ul style="list-style-type: none"> • Affordable rents, • Ensuring long term affordability for all NSP funded housing projects, • Applicable housing rehabilitation standards for NSP funded projects | <input checked="" type="checkbox"/> |
| | <input checked="" type="checkbox"/> |
| | <input checked="" type="checkbox"/> |

4. Low-Income Targeting

| | Yes |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target? | <input checked="" type="checkbox"/> |
| Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals? | <input checked="" type="checkbox"/> |

5. Acquisition & Relocation

| | Yes |
|-------------------------------------------------------------------------------------------------------------------------------|-----|
| For all acquisitions that will result in displacement did you specify: | |
| <ul style="list-style-type: none"> • The planned activity, | N/A |
| <ul style="list-style-type: none"> • The number of units that will result in displacement, | N/A |
| <ul style="list-style-type: none"> • The manner in which the grantee will comply with URA for those residents? | N/A |

6. Public Comment

| | Yes |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------|
| Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment? | <input checked="" type="checkbox"/> |
| Did you include the public comments you received on the NSP3 substantial amendment in your plan? | <input checked="" type="checkbox"/> |

7. NSP-3 Information by Activity

| | Check all that apply |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------|
| Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award? | <input checked="" type="checkbox"/> |
| For each eligible NSP3 activity you plan to implement did you include: | |

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| • Eligible use or uses? | <input checked="" type="checkbox"/> |
| • Correlated eligible CDBG activity or activities? | <input checked="" type="checkbox"/> |
| • Associated national objective? | <input checked="" type="checkbox"/> |
| • How the activity will address local market conditions? | <input checked="" type="checkbox"/> |
| • Range of interest rates (if any)? | <input checked="" type="checkbox"/> |
| • Duration or term of assistance? | <input checked="" type="checkbox"/> |
| • Tenure of beneficiaries (e.g. rental or homeowner)? | <input checked="" type="checkbox"/> |
| • If the activity produces housing, how the design of the activity will ensure continued affordability? | <input checked="" type="checkbox"/> |
| • How you will, to the maximum extent possible, provide for vicinity hiring? | <input checked="" type="checkbox"/> |
| • Procedures used to create affordable rental housing preferences? | <input checked="" type="checkbox"/> |
| • Areas of greatest need addressed by the activity or activities? | <input checked="" type="checkbox"/> |
| • Amount of funds budgeted for the activity? | <input checked="" type="checkbox"/> |
| • Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR)? | <input checked="" type="checkbox"/> |
| • Expected start and end dates of the activity? | <input checked="" type="checkbox"/> |
| • Name and location of the entity that will carry out the activity? | <input checked="" type="checkbox"/> |

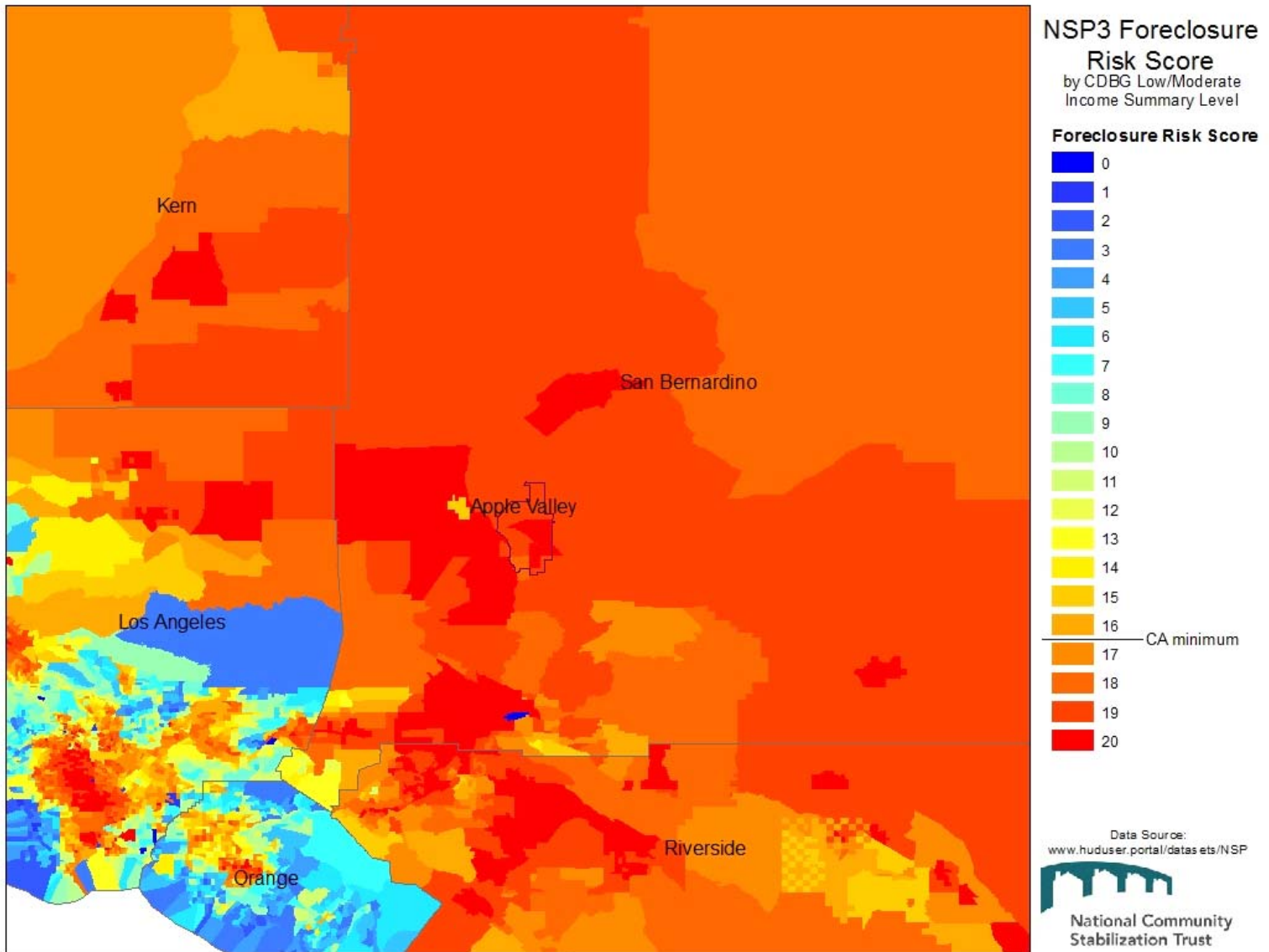
8. Certifications

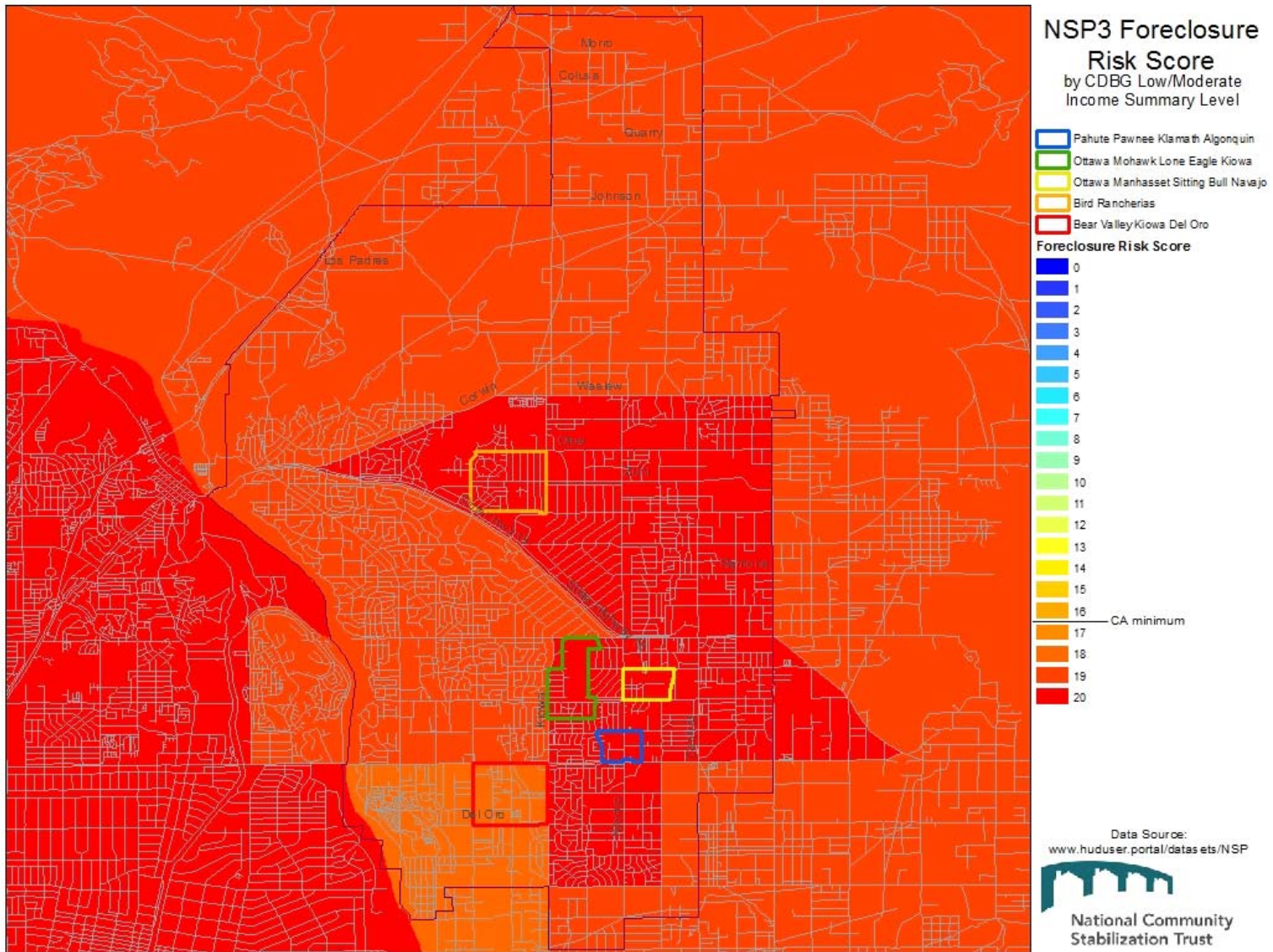
| | Yes |
|---------------------------------------------------------------------------------|-------------------------------------|
| Did you sign and submit the certification form applicable to your jurisdiction? | <input checked="" type="checkbox"/> |

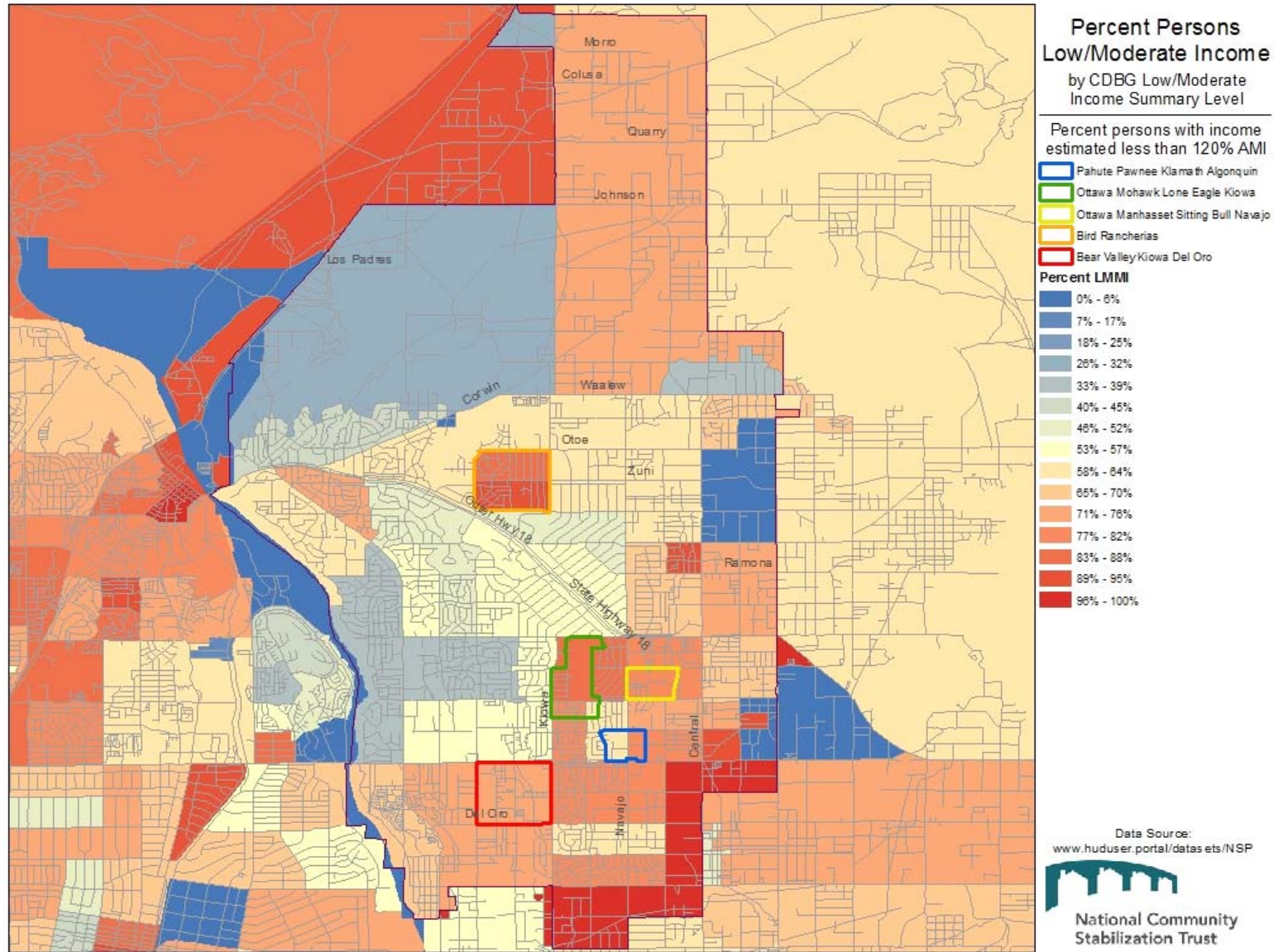
9. Additional Documentation

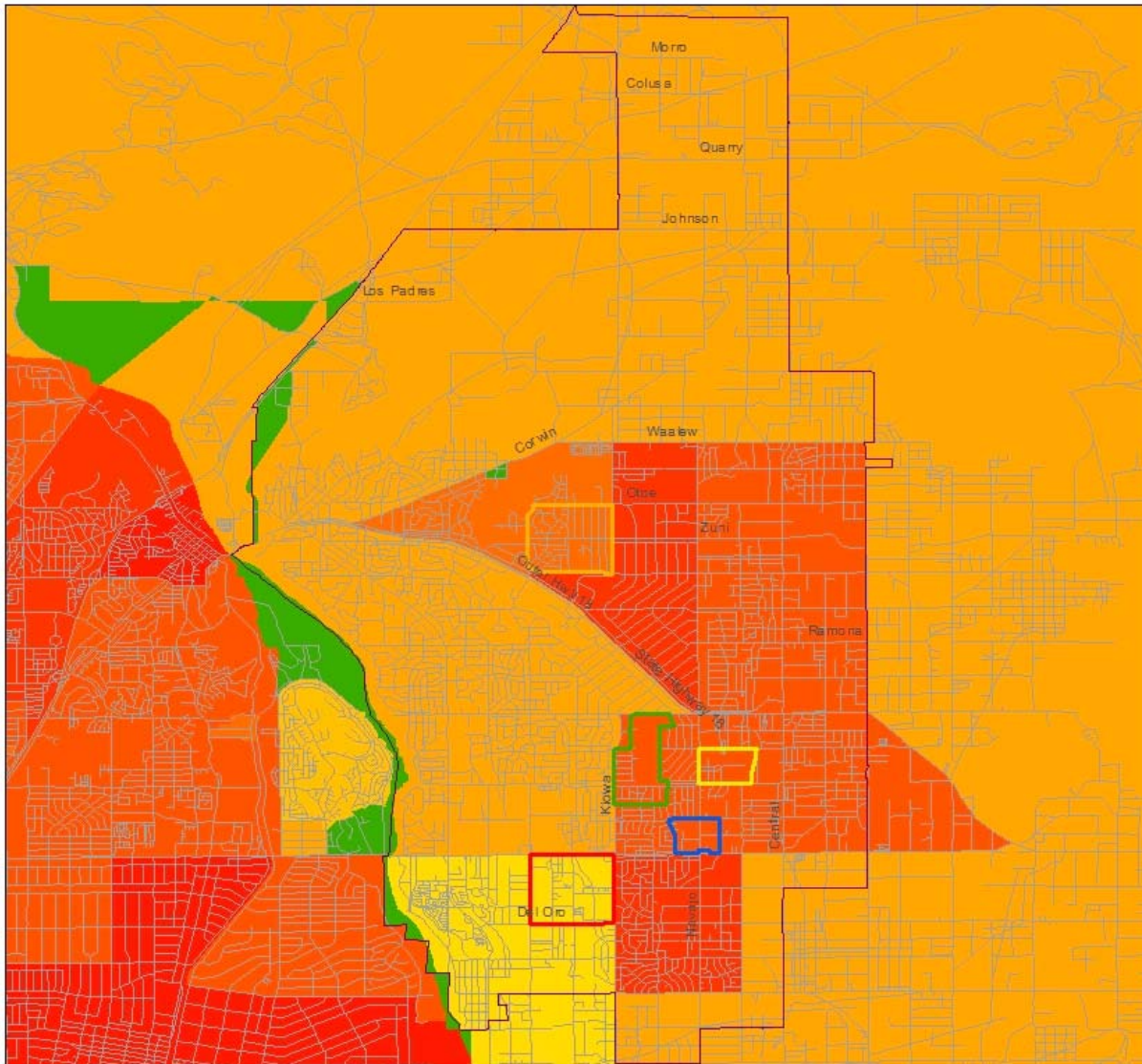
| | Yes |
|----------------------------------|-------------------------------------|
| Did you include a signed SF-424? | <input checked="" type="checkbox"/> |

**Town of Apple Valley
NSP-3 Market Analysis and Planning
Provided by: National Community Stabilization Trust**









Serious Mortgage Delinquency Rate

by CDBG Low/Moderate Income Summary Level

The estimated rate of mortgages seriously delinquent (90+ or more days delinquent or in foreclosure) in June 2010, utilizes a McDash Analytics predictive model.

- Pahute Pawnee Klamath Algonquin
- Ottawa Mohawk Lone Eagle Kiowa
- Ottawa Manhasset Sitting Bull Navajo
- Bird Rancherías
- Bear Valley Kiowa Del Oro

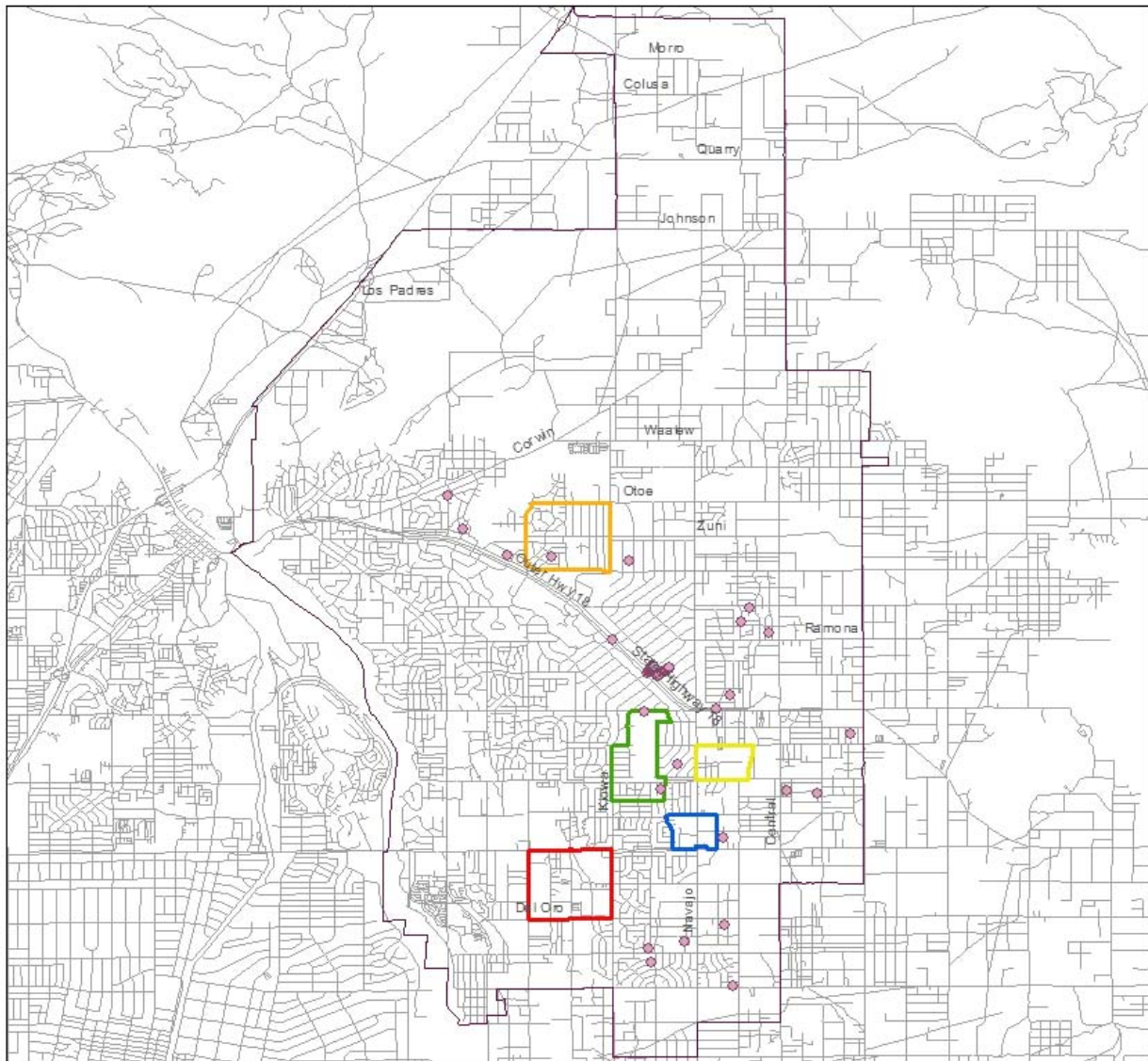
Serious Delinquency

- 0% - 1%
- 2% - 4%
- 5%
- 6% - 7%
- 8%
- 9%
- 10%
- 11% - 12%
- 13%
- 14%
- 15%
- 16% - 17%
- 18%
- 19% - 20%
- 21%
- 22%
- 23%
- 24% - 25%
- 26% - 27%
- 28% - 38%

Data Source:
www.huduser.portal/datasets/NSP



National Community Stabilization Trust

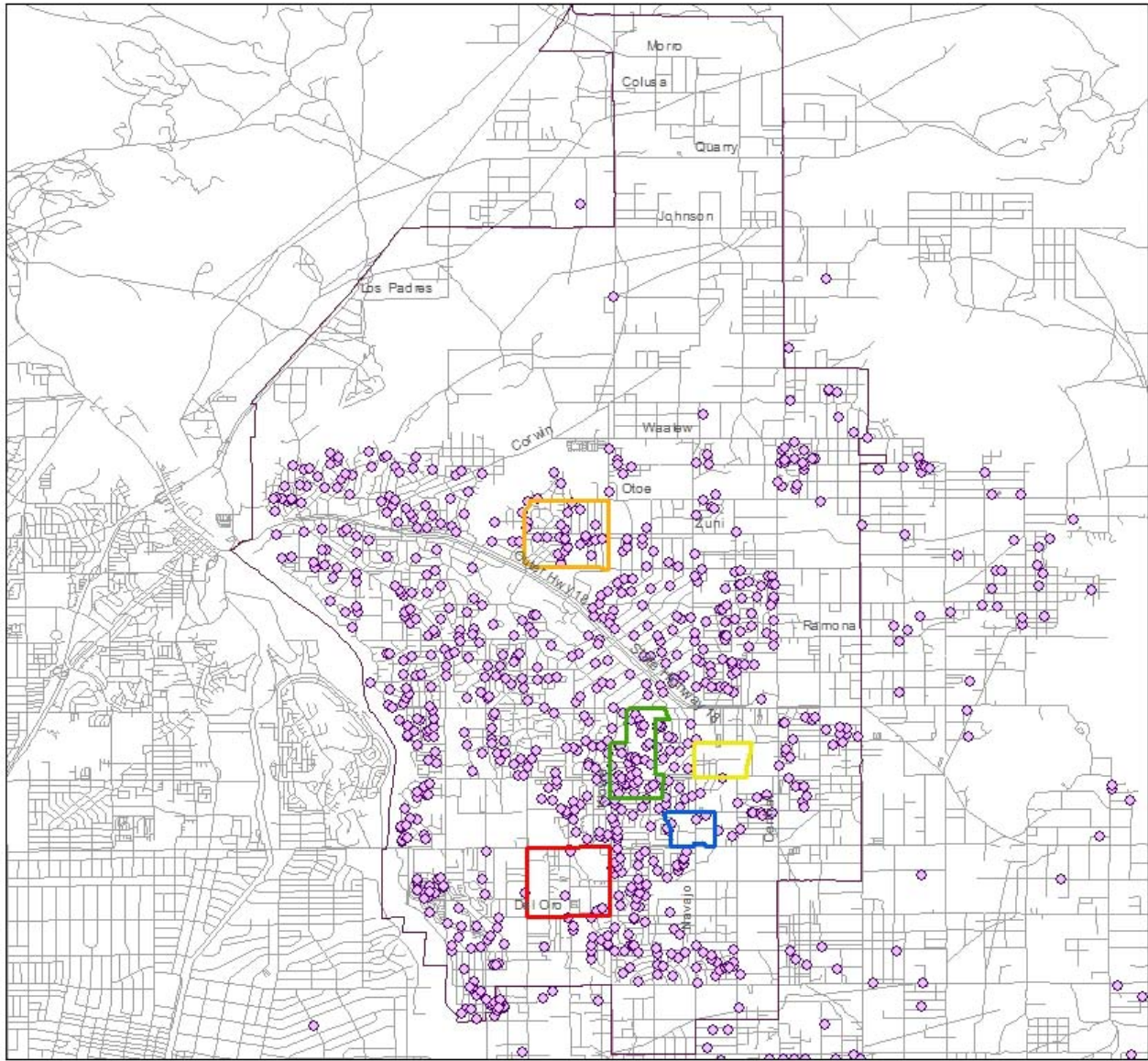


Previous NSP Acquisitions

- ◆ NSP Acquisitions
- Pahute Pawnee Klamath Algonquin
- Ottawa Mohawk Lone Eagle Kiowa
- Ottawa Manhasset Sitting Bull Navajo
- Bird Rancherias
- Bear Valley Kiowa Del Oro

Data Source:
West Law and NCST Data





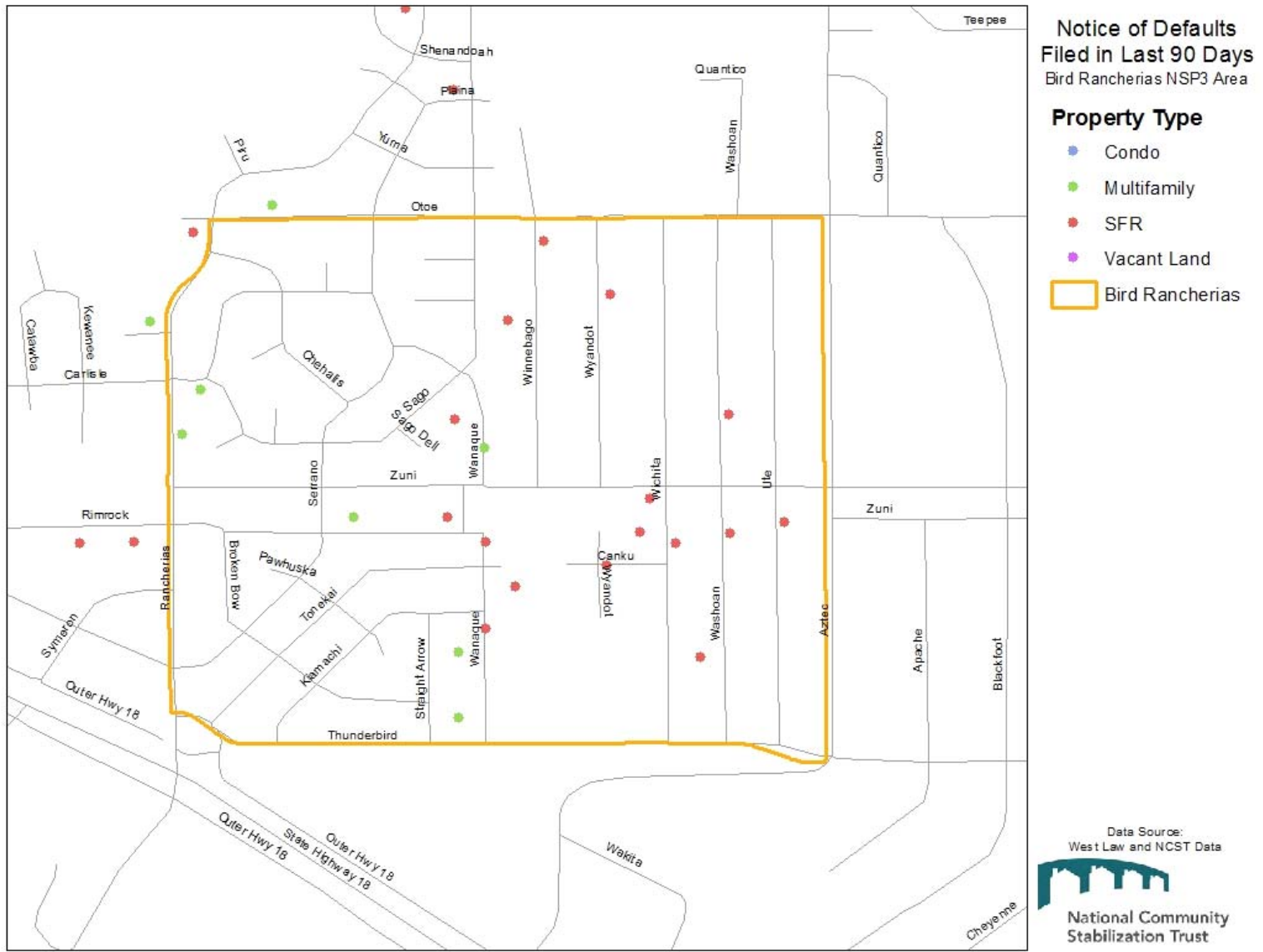
**Notice of Defaults
Filed in Last 90 Days
as of 11 February 2011**

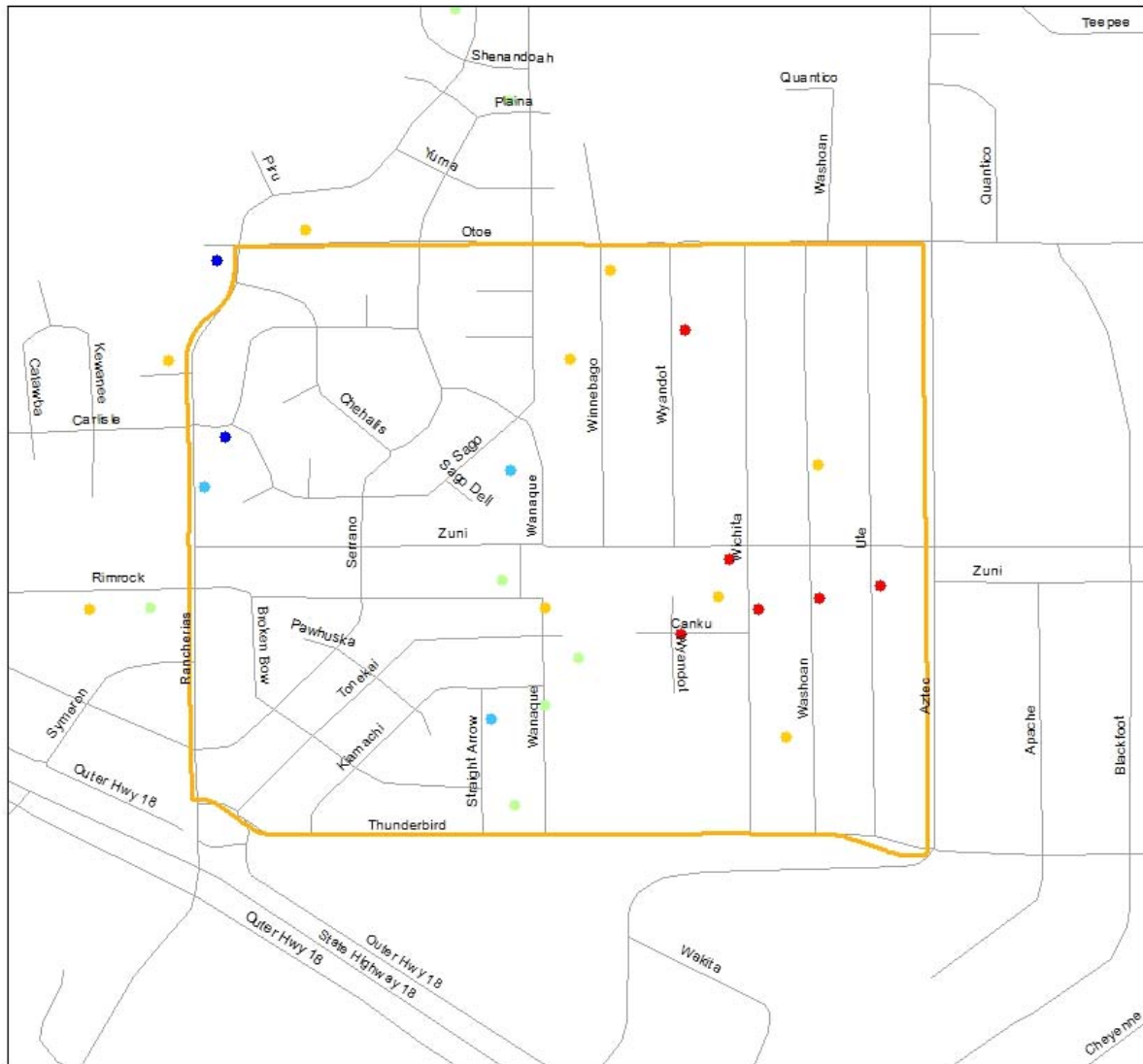
- Pahute Pawnee Klamath Algonquin
- Ottawa Mohawk Lone Eagle Kiowa
- Ottawa Manhasset Sitting Bull Navajo
- Bird Rancherías
- Bear Valley Kiowa Del Oro
- Notice of Default Filed

Data Source:
West Law and NCST Data



**National Community
Stabilization Trust**





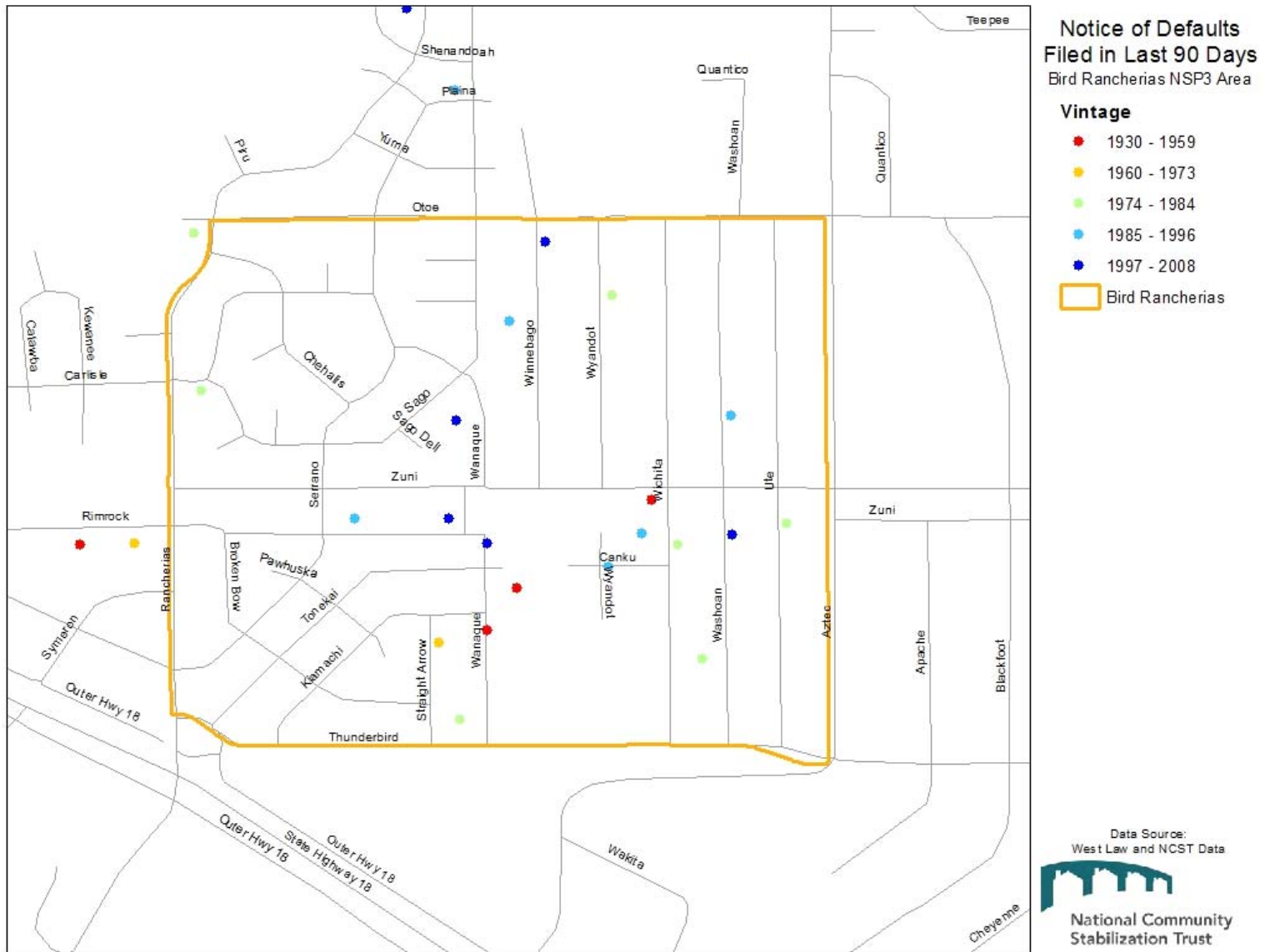
**Notice of Defaults
Filed in Last 90 Days
Bird Rancherías NSP3 Area**

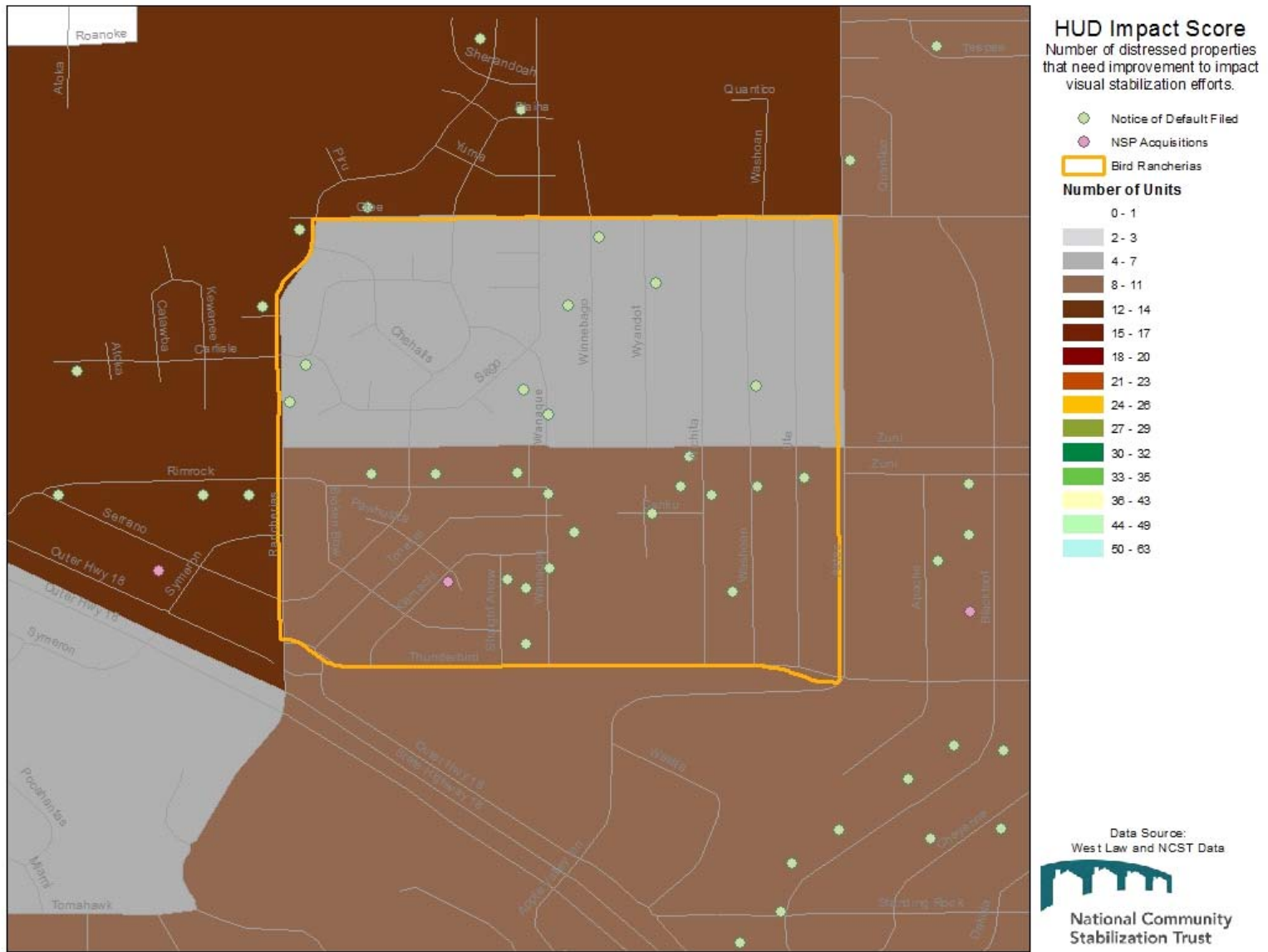


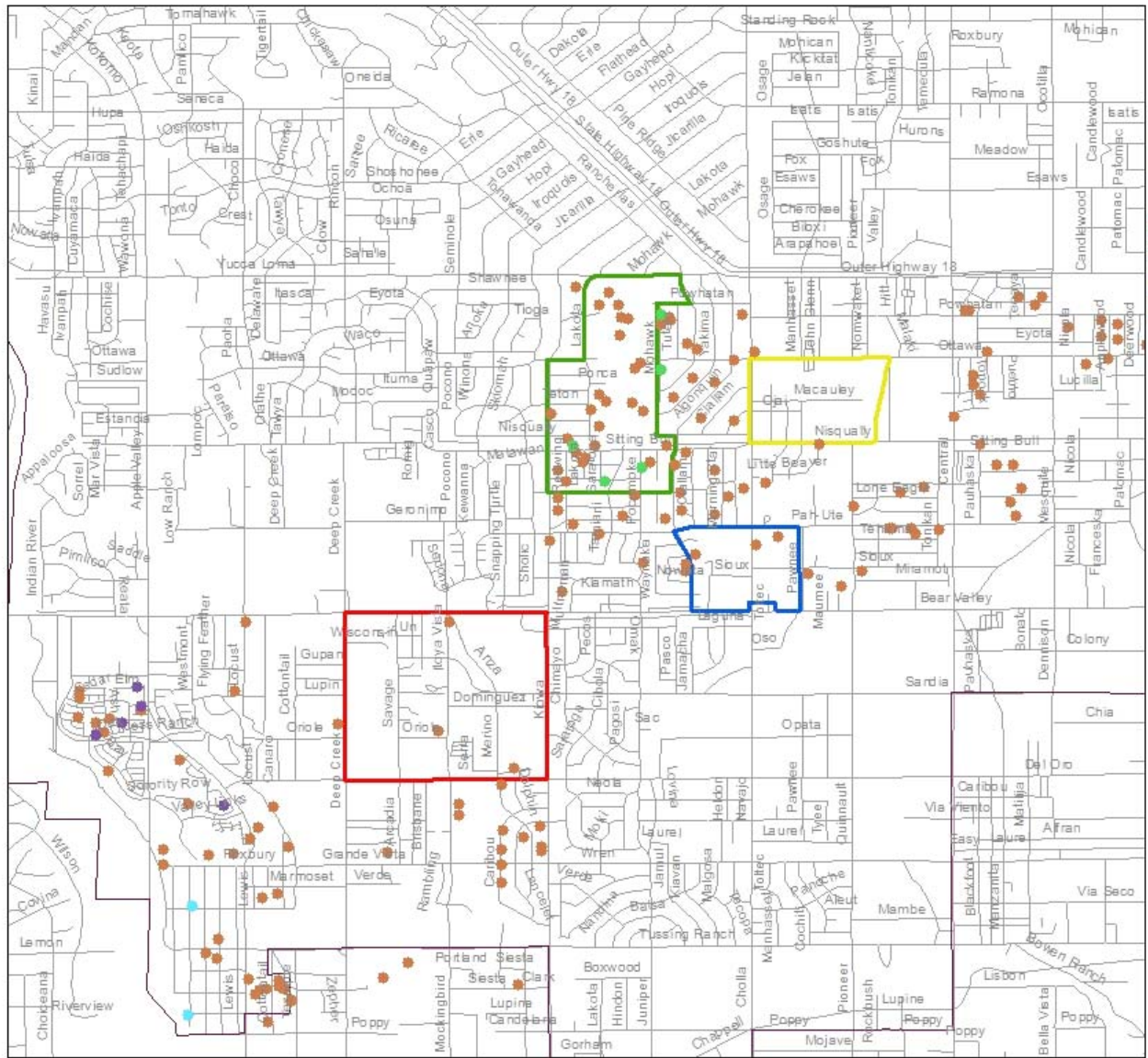
Data Source:
West Law and NCST Data



National Community
Stabilization Trust







**Notice of Defaults
Filed in Last 90 Days**

- Property Type**
- Condo
 - Multi family
 - SFR
 - Vacant Land
- Pahute Pawnee Klamath Algonquin

 Ottawa Mohawk Lone Eagle Kiowa

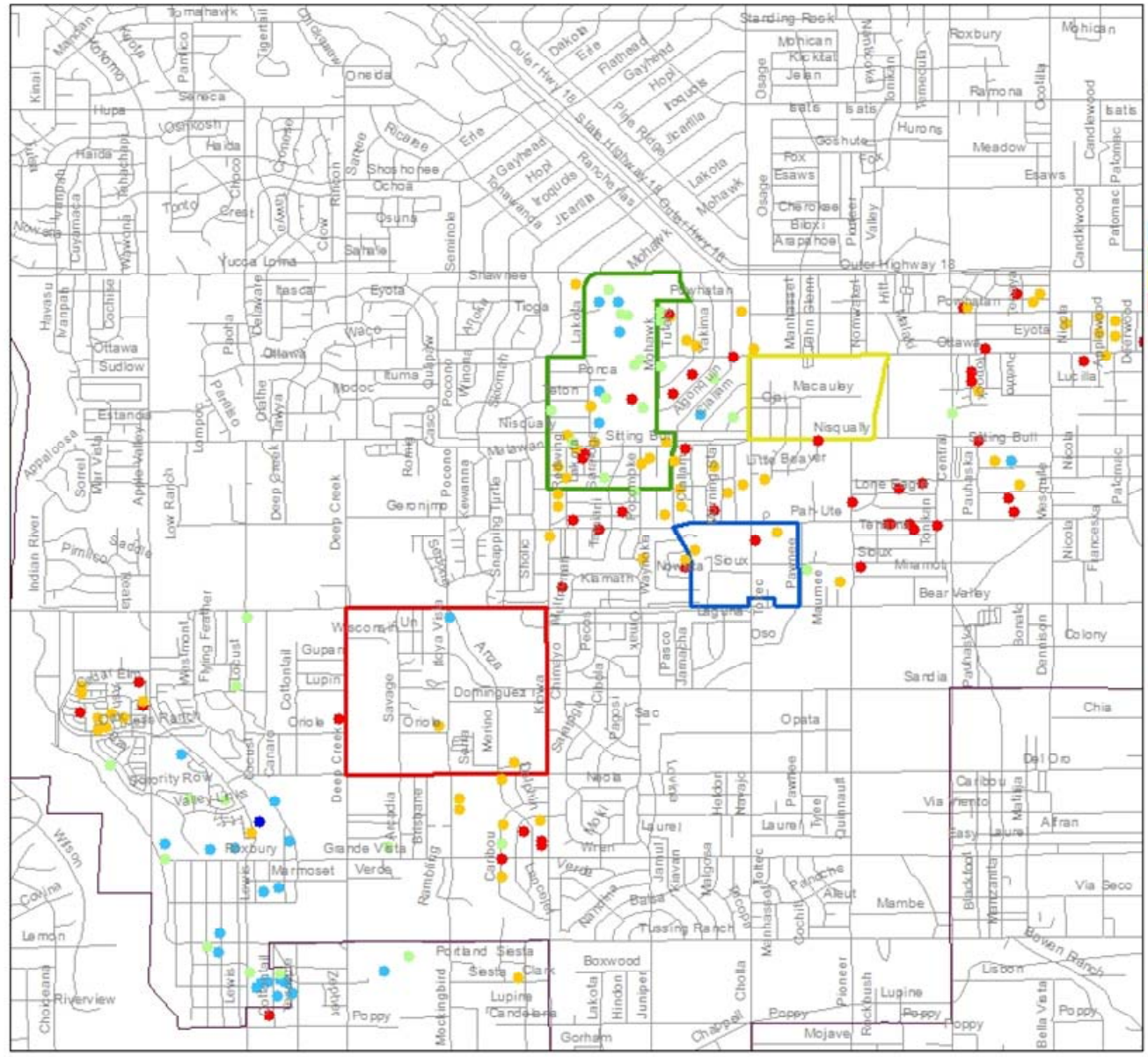
 Ottawa Manhasset Siting Bull Navajo

 Bear Valley Kiowa Del Oro

Data Source:
West Law and NCST Data



**National Community
Stabilization Trust**



Notice of Defaults Filed in Last 90 Days

Property Value

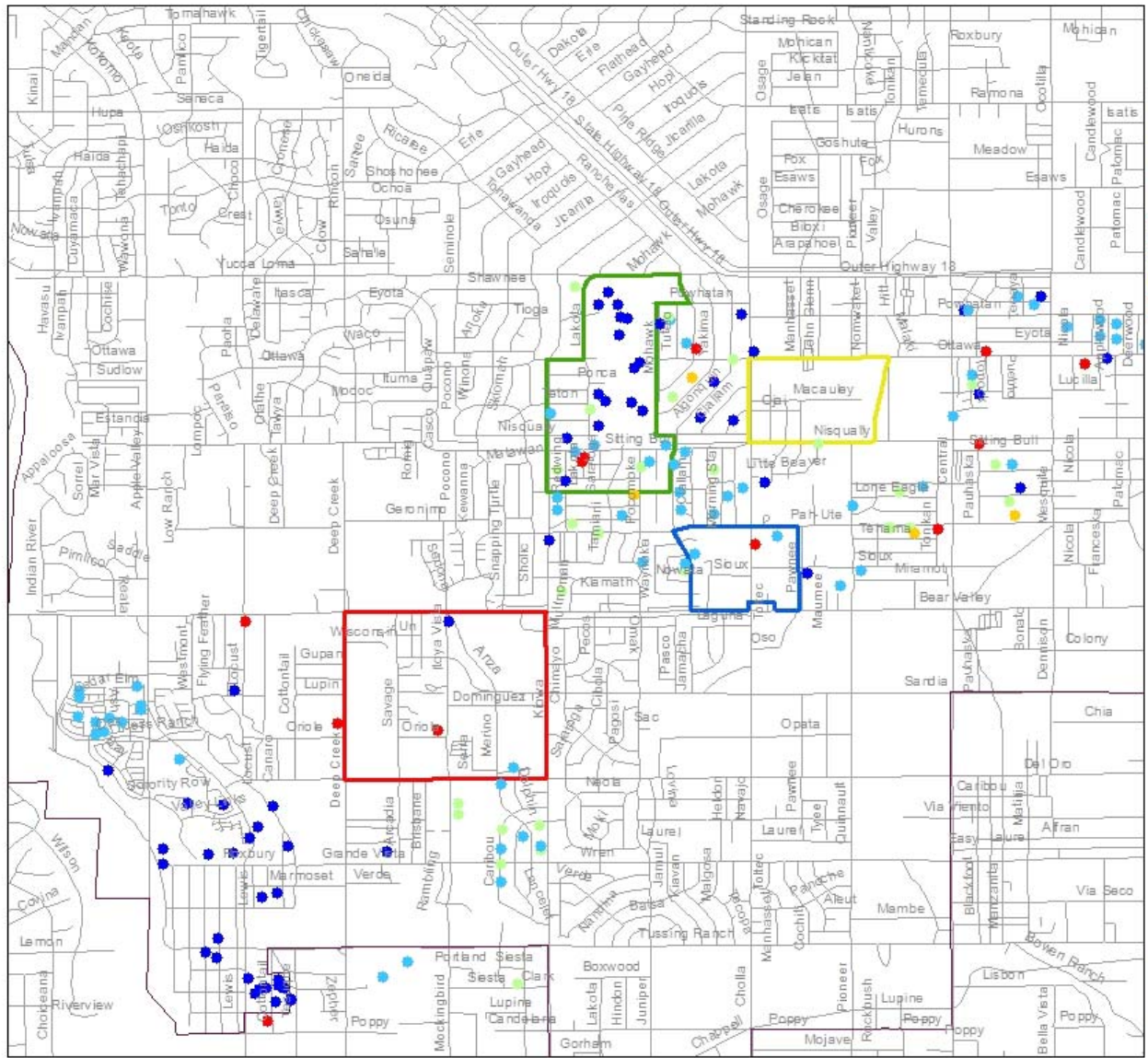
- \$7,500.00 - \$84,000.00
- \$84,000.01 - \$130,000.00
- \$130,000.01 - \$184,000.00
- \$184,000.01 - \$278,000.00
- \$278,000.01 - \$548,000.00

Pahute Pawnee Klamath Algonquin
 Ottawa Mohawk Lone Eagle Kiowa
 Ottawa Manhasset Sitting Bull Navajo
 Bear Valley Kiowa Del Oro

Data Source:
West Law and NCST Data



National Community
Stabilization Trust



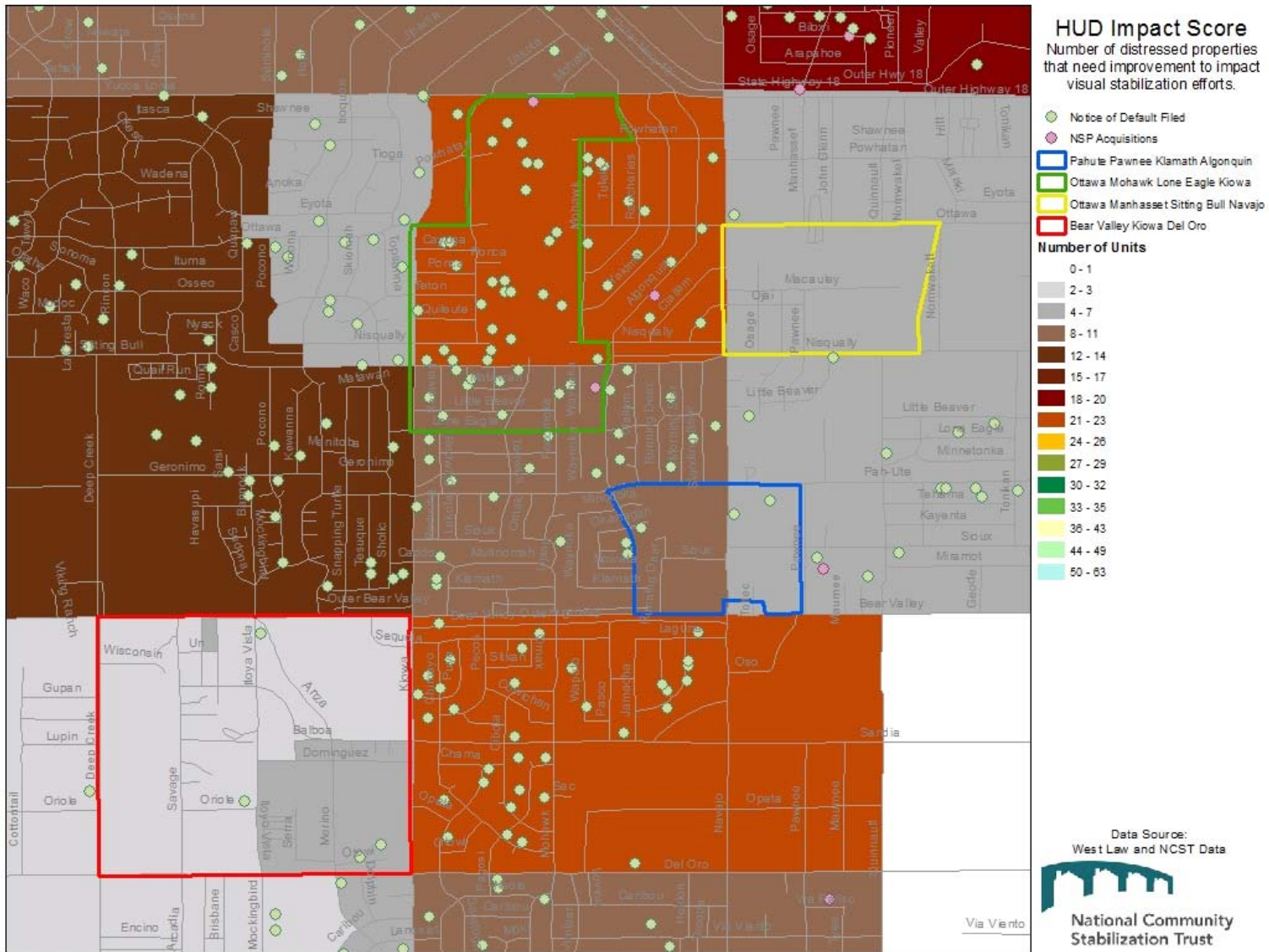
**Notice of Defaults
Filed in Last 90 Days**

- Vintage**
- 1930 - 1959
 - 1960 - 1973
 - 1974 - 1984
 - 1985 - 1996
 - 1997 - 2008
- ▭ Pahute Pawnee Klamath Algonquin
 - ▭ Ottawa Mohawk Lone Eagle Kiowa
 - ▭ Ottawa Manhasset Sitting Bull Navajo
 - ▭ Bear Valley Kiowa Del Oro

Data Source:
West Law and NCST Data



**National Community
Stabilization Trust**



Town of Apple Valley

Neighborhood Stabilization Program - 3 (NSP-3)
Areas of Greatest Need

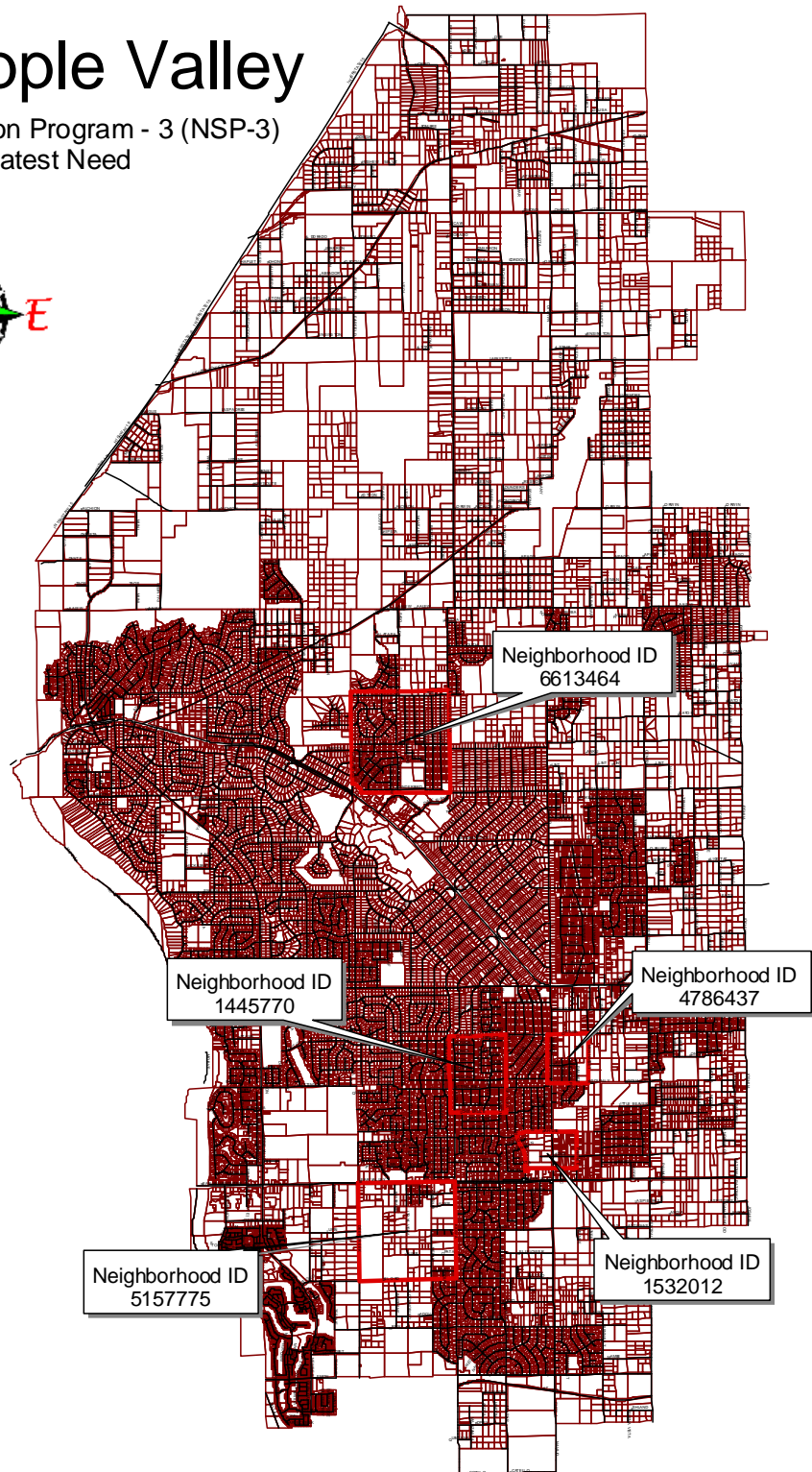


Exhibit 1

Neighborhood ID: 6613464
Grantee ID: 0601080E
Grantee State: CA
Grantee Name: APPLE VALLEY
Grantee Address: 14955 Dale Evans Parkway Apple Valley CA 92307
Grantee Email: camagrande@applevalley.org

Neighborhood Name: Otoe, DEP, T-Bird, Rancherias 12-22-10
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: 20
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 1520

Area Benefit Eligibility
Percent Persons Less than 120% AMI: 88.7
Percent Persons Less than 80% AMI: 73.12

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 maybe 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: 1551
Residential Addresses Vacant 90 or more days (USPS, March 2010): 104
Residential Addresses NoStat (USPS, March 2010): 27

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: 692
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 32.9
Percent of Housing Units 90 or more days delinquent or in foreclosure: 21.9
Number of Foreclosure Starts in past year: 73
Number of Housing Units Real Estate Owned July 2009 to June 2010: 41

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): 15

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 2005: 5.5
Place (if place over 20,000) or county unemployment rate June 2010: 15
·Bureau 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

-117.224765 34.543929 -117.208414 34.544035 -117.208285 34.529328 -117.211332
34.530036 -117.217598 34.530036 -117.223821 34.529965 -117.225666 34.530955 -

117.225666 34.541843 -117.224636 34.543611 Blocks Comprising Target

Neighborhood 060710097162000, 060710097162013, 060710097162012,
060710097162011, 060710097162010, 060710097162009, 060710097162008,
060710097162003, 060710097162004, 060710097162005, 060710097162007,
060710097162006, 060710097162002, 060710097162001, 060710097163000,
060710097163007, 060710097163009, 060710097163016, 060710097163015,
060710097163014, 060710097163013, 060710097163012, 060710097163011,
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Exhibit 1A
Neighborhood ID: 6613464

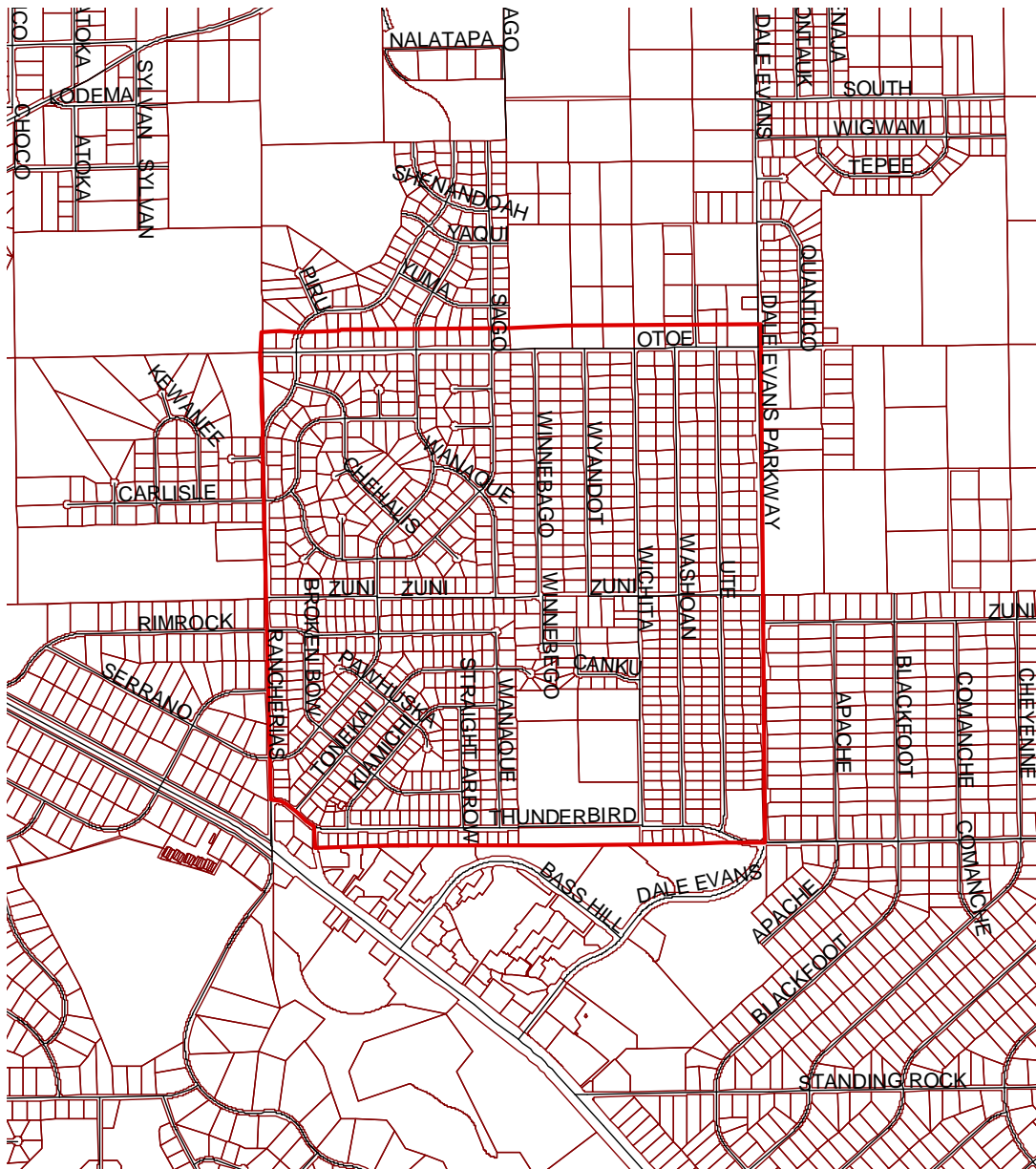


Exhibit 2

Neighborhood ID: 515775
Grantee ID: 0601080E
Grantee State: CA
Grantee Name: APPLE VALLEY
Grantee Address: 14955 Dale Evans Parkway Apple Valley CA 92307
Grantee Email: camagrande@applevalley.org
Neighborhood Name: 97.07 #1
Date:2010-11-22 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: 18
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 195
Area Benefit Eligibility
Percent Persons Less than 120% AMI: 74.47
Percent Persons Less than 80% AMI: 46.24
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: 353
Residential Addresses Vacant 90 or more days (USPS, March 2010): 6
Residential Addresses NoStat (USPS, March 2010): 32

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: 122
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 17.4
Percent of Housing Units 90 or more days delinquent or in foreclosure: 16.1
Number of Foreclosure Starts in past year: 9
Number of Housing Units Real Estate Owned July 2009 to June 2010: 5

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): 2

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 2005: 5.5
Place (if place over 20,000) or county unemployment rate June 2010: 15

Bureau 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

-117.225237 34.471184 -117.207899 34.471326 -117.207642 34.456960 -117.224722
34.456819 -117.225151 34.470618 Blocks Comprising Target Neighborhood
060710097072000, 060710097072041, 060710097072033, 060710097072032,
060710097072031, 060710097072030, 060710097072029, 060710097072028,
060710097072002, 060710097072003, 060710097072006, 060710097072005,
060710097072001, 060710097072004, 060710097072064, 060710097072040,
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Exhibit 2A
Neighborhood ID: 5157775

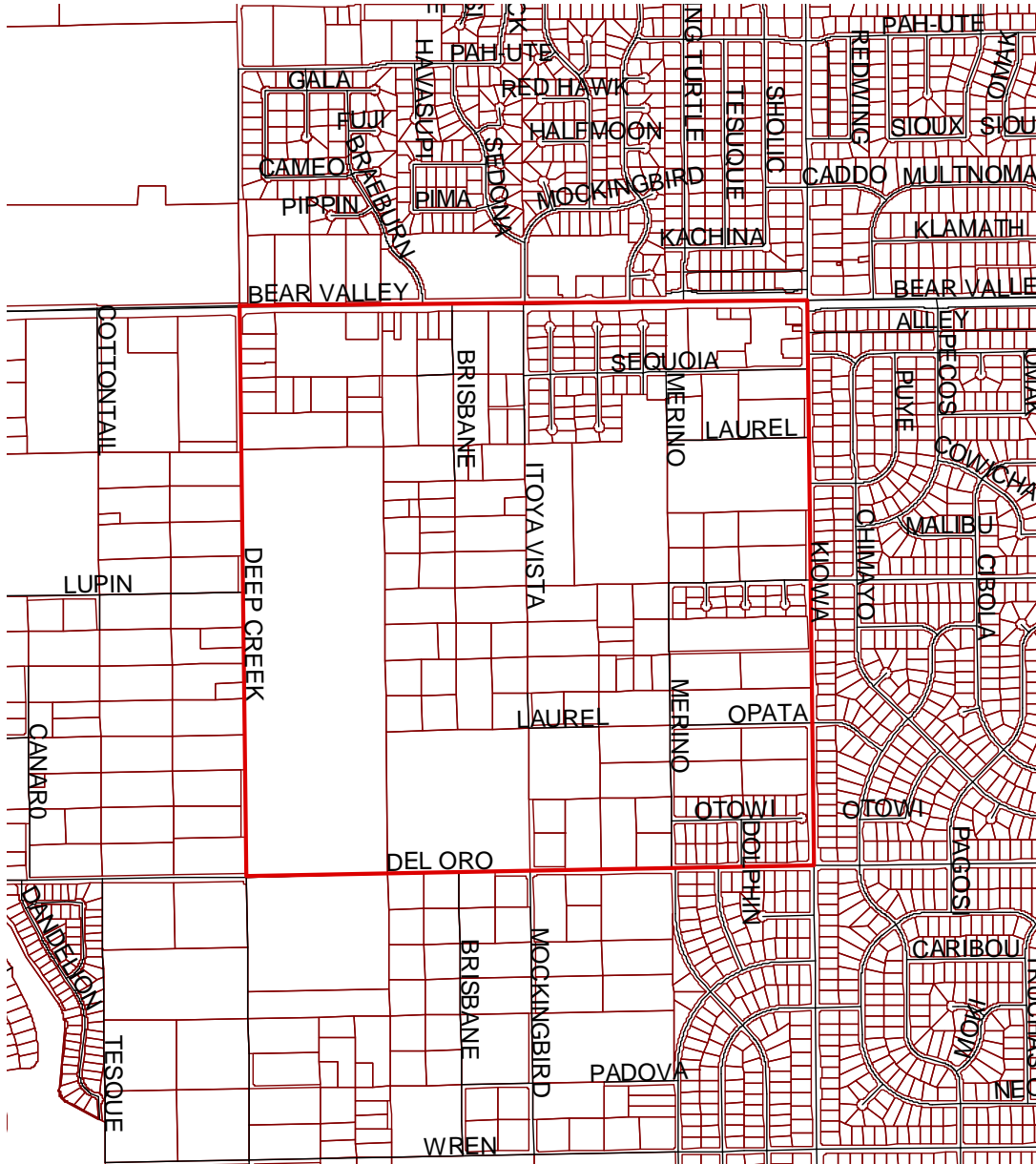


Exhibit 3

Neighborhood ID: 4786437
Grantee ID: 0601080E
Grantee State: CA
Grantee Name: APPLE VALLEY
Grantee Address: 14955 Dale Evans Parkway Apple Valley CA 92307
Grantee Email: camagrande@applevalley.org
Neighborhood Name: Ottawa, Manhasset, Sitting Bull, Navajo 1-31-11
Date:2011-01-31 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: 20
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 256
Area Benefit Eligibility
Percent Persons Less than 120% AMI: 80.5
Percent Persons Less than 80% AMI: 66.8

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: 256
Residential Addresses Vacant 90 or more days (USPS, March 2010): 10
Residential Addresses NoStat (USPS, March 2010): 6

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: 153
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 36.4
Percent of Housing Units 90 or more days delinquent or in foreclosure: 23.1
Number of Foreclosure Starts in past year: 17
Number of Housing Units Real Estate Owned July 2009 to June 2010: 10

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): 3

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 2005: 5.5
Place (if place over 20,000) or county unemployment rate June 2010: 15

Bureau 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

-117.190132 34.493294 -117.183824 34.493364 -117.183652 34.486078 -117.190132
34.486113 -117.190218 34.492975 Blocks Comprising Target Neighborhood
060710097121032, 060710097121031, 060710097121030, 060710097121029,
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060710097121023,

Exhibit 3A
Neighborhood ID: 4786437

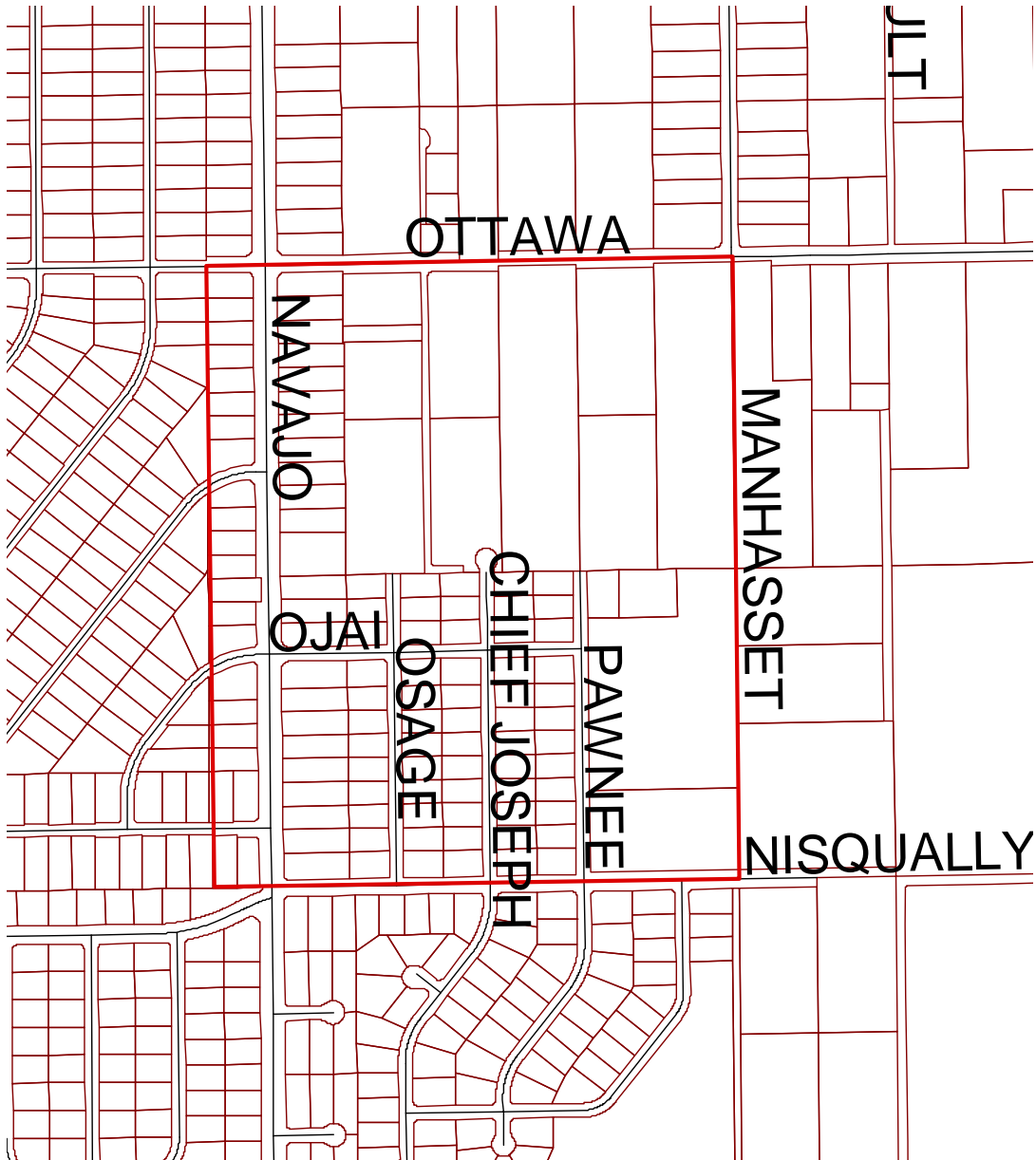


Exhibit 4

Neighborhood ID: 1532012
Grantee ID: 0601080E
Grantee State: CA
Grantee Name: APPLE VALLEY
Grantee Address: 14955 Dale Evans Parkway Apple Valley CA 92307
Grantee Email: camagrande@applevalley.org
Neighborhood Name: Pahute, Pawnee, Klamath, Algonquin 1-31-11
Date:2011-01-31 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: 20
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 114
Area Benefit Eligibility
Percent Persons Less than 120% AMI: 71.54
Percent Persons Less than 80% AMI: 57.33

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: 118
Residential Addresses Vacant 90 or more days (USPS, March 2010): 5
Residential Addresses NoStat (USPS, March 2010): 2

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: 83
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 35.67
Percent of Housing Units 90 or more days delinquent or in foreclosure: 23.1
Number of Foreclosure Starts in past year: 9
Number of Housing Units Real Estate Owned July 2009 to June 2010: 5

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): 2

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 2005: 5.5
Place (if place over 20,000) or county unemployment rate June 2010: 15
Bureau 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

-117.196655 34.478437 -117.195239 34.478826 -117.190347 34.478861 -117.185926
34.478897-117.185969 34.472953 -117.195110 34.473059 -117.195368 34.475713 -
117.196527 34.478048 Blocks Comprising Target Neighborhood 060710097103012,
060710097103011, 060710097125004, 060710097125005,

Exhibit 4A
Neighborhood ID: 1532012

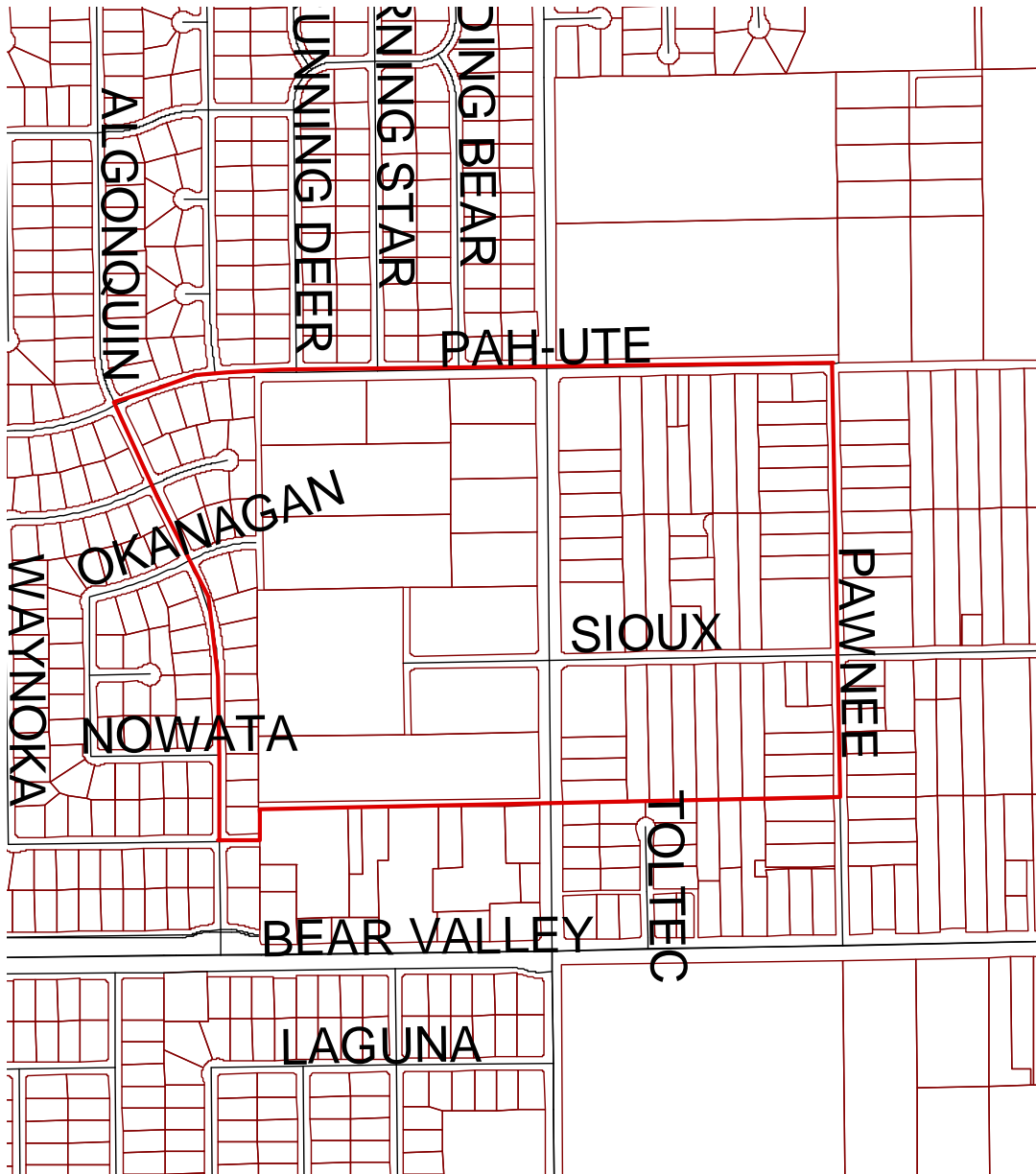


Exhibit 5

Neighborhood ID: 1445770
Grantee ID: 0601080E
Grantee State: CA
Grantee Name: APPLE VALLEY
Grantee Address: 14955 Dale Evans Parkway Apple Valley CA 92307
Grantee Email: camagrande@applevalley.org
Neighborhood Name: Ottawa, Mohawk, Lone Eagle, Kiowa Ex.5 2-2-11
Date:2011-02-02 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: 20
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 616
Area Benefit Eligibility
Percent Persons Less than 120% AMI: 80.53
Percent Persons Less than 80% AMI: 65.6
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: 667
Residential Addresses Vacant 90 or more days (USPS, March 2010): 33
Residential Addresses NoStat (USPS, March 2010): 4

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: 542
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 34.8
Percent of Housing Units 90 or more days delinquent or in foreclosure: 23.1
Number of Foreclosure Starts in past year: 60
Number of Housing Units Real Estate Owned July 2009 to June 2010: 34

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): 12

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 2005: 5.5
Place (if place over 20,000) or county unemployment rate June 2010: 15
Bureau 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

-117.207899 34.493188 -117.197900 34.493258 -117.198157 34.481515 -117.207899
34.481515-117.207985 34.492834

Blocks Comprising Target Neighborhood

060710097101003, 060710097101008, 060710097101010, 060710097101011,
060710097101009, 060710097101007, 060710097102000, 060710097102003,
060710097102004, 060710097102006, 060710097102008, 060710097102007,
060710097102005, 060710097102001, 060710097102002, 060710097103005,

Exhibit 5A

Neighborhood ID: 1445770

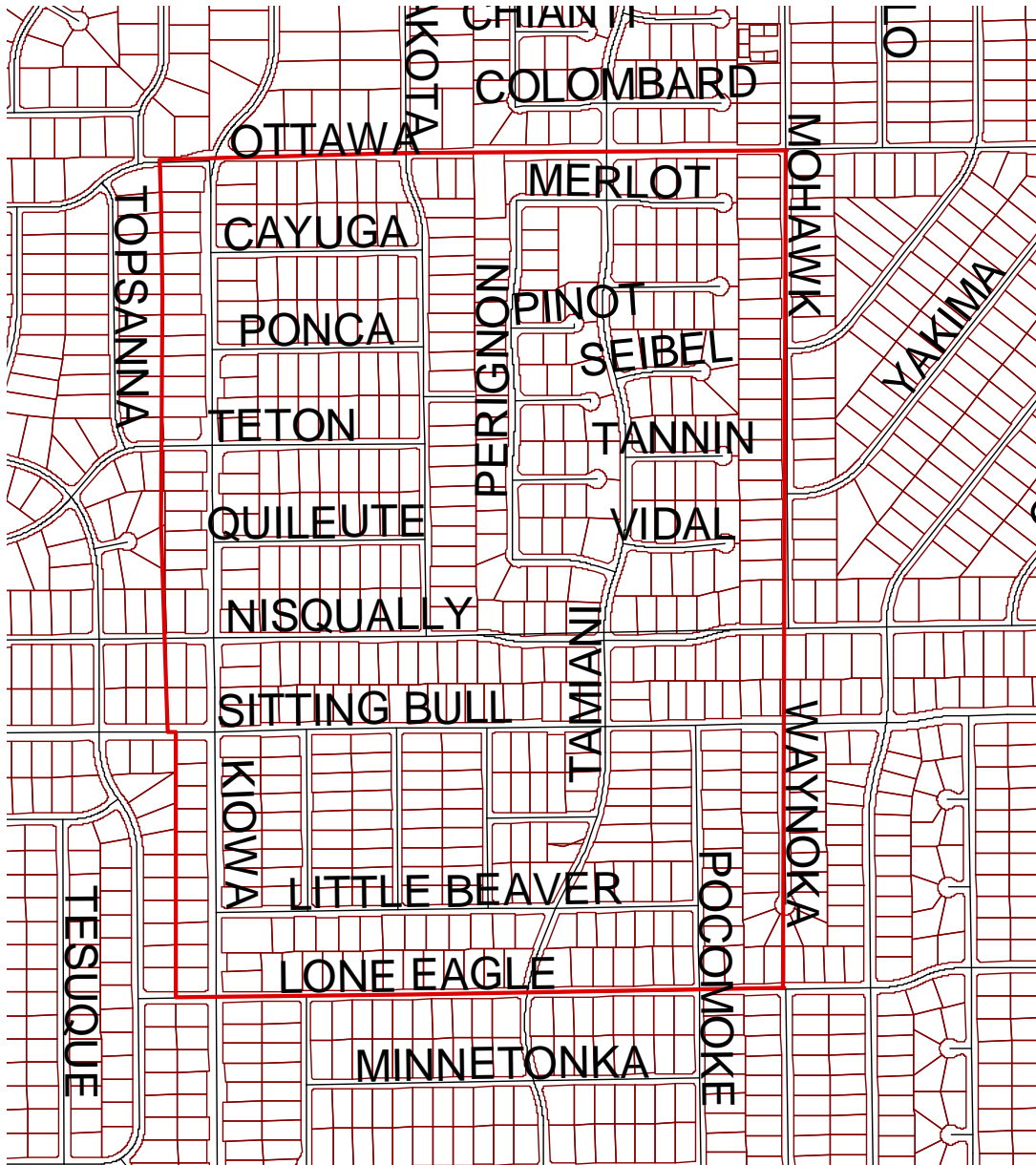


Exhibit 6
California Health and Safety Code

CALIFORNIA CODES

HEALTH AND SAFETY CODE

SECTION 33030-33039

33030. (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.

(b) A blighted area is one that contains both of the following:

(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.

(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**.

(c) A blighted area that contains the conditions described in subdivision

(b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

33031. (a) This subdivision describes physical conditions that cause blight:

(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building 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.

(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.

(3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.

(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.

(b) This subdivision describes economic conditions that cause blight:

(1) Depreciated or stagnant property values.

(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).

(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

(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.

(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.

(6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant in public health, safety, or welfare problems.

(7) A high crime rate that constitutes a serious threat to the public safety and welfare.

33035. It is further found and declared that:

(a) The existence of blighted areas characterized by any or all of such conditions constitutes a serious and growing menace which is condemned as injurious and inimical to the public health, safety, and welfare of the people of the communities in which they exist and of the people of the State.

(b) Such blighted areas present difficulties and handicaps which are beyond remedy and control solely by regulatory processes in the exercise of police power.

(c) They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for, crime prevention, correction, prosecution, and punishment, the treatment of juvenile delinquency, the preservation of the public health and safety, and the maintaining of adequate police, fire, and accident protection and other public services and facilities.

(d) This menace is becoming increasingly direct and substantial in its significance and effect.

(e) The benefits which will result from the remedying of such conditions and the redevelopment of blighted areas will accrue to all the inhabitants and property owners of the communities in which they exist.

33036. It is further found and declared that:

(a) Such conditions of blight tend to further obsolescence, deterioration, and disuse because of the lack of incentive to the individual landowner and his inability to improve, modernize, or rehabilitate his property while the condition of the neighboring properties remains unchanged.

(b) As a consequence the process of deterioration of a blighted area frequently cannot be halted or corrected except by redeveloping the entire area, or substantial portions of it.

(c) Such conditions of blight are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective titles, and in many such instances the private assembly of the land in blighted areas for redevelopment is so difficult and costly that it is uneconomic and as a practical matter impossible for owners to undertake because of lack of the legal power and excessive costs.

(d) The remedying of such conditions may require the public acquisition at fair prices of adequate areas, the clearance of the areas through demolition of

existing obsolete, inadequate, unsafe, and insanitary buildings, and the redevelopment of the areas suffering from such conditions under proper supervision, with appropriate planning, and continuing land use and construction policies.

33037. For these reasons it is declared to be the policy of the State:

(a) To protect and promote the sound development and redevelopment of blighted areas and the general welfare of the inhabitants of the communities in which they exist by remedying such injurious conditions through the employment of all appropriate means.

(b) That whenever the redevelopment of blighted areas cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land, in planning and in the financing of land assembly, in the work of clearance, and in the making of improvements necessary therefore, it is in the public interest to employ the power of eminent domain, to advance or expend public funds for these purposes, and to provide a means by which blighted areas may be redeveloped or rehabilitated.

(c) That the redevelopment of blighted areas and the provisions for appropriate continuing land use and construction policies in them constitute public uses and purposes for which public money may be advanced or expended and private property acquired, and are governmental functions of state concern in the interest of health, safety, and welfare of the people of the State and of the communities in which the areas exist.

(d) That the necessity in the public interest for the provisions of this part is declared to be a matter of legislative determination.

33038. It is found and declared that blighted areas may include housing areas constructed as temporary government-owned wartime housing projects, and that such areas may be characterized by one or more of the conditions enumerated in Sections **33031** to 33034, inclusive.

33039. The Legislature of the State of California recognizes that among the principal causes of slum and blighted residential areas are the following factors:

(a) Inadequate enforcement of health, building, and safety laws.

(b) The fact that the limited financial resources of many human beings who inhabit them make only this type of housing available to such persons.

(c) Racial discrimination against persons of certain groups in seeking housing.

(d) The neglect of absentee landlords.

It is, therefore, declared to be the public policy of this State that, in order to cope with the problems of the rehabilitation of slum or blighted areas, these factors shall be taken into consideration in any rehabilitation or redevelopment program. It is further declared to be the public policy of this State that such rehabilitation or redevelopment programs shall not be undertaken and operated in such a manner as to exchange new slums for old slums or as to congest individuals from one slum to another slum.

Exhibit 7

Citizen Participation/Public Comments

Insert Public Notice AV News

**INSERT CERTIFIED MINUTES FROM 2/22/11
TOWN COUNCIL MEETING**

Exhibit 8 SF-424

APPLICATION FOR FEDERAL ASSISTANCE

OMB Approved No. 3076-0006

Version 7/03

| | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1. TYPE OF SUBMISSION: Application | | 2. DATE SUBMITTED March 1, 2011 | Applicant Identifier B-10-MC-06-0586 |
| <input type="checkbox"/> Construction | | 3. DATE RECEIVED BY STATE | State Application Identifier |
| <input checked="" type="checkbox"/> Non-Construction | | 4. DATE RECEIVED BY FEDERAL AGENCY | Federal Identifier |
| <input type="checkbox"/> Pre-application | | | |
| <input type="checkbox"/> Construction | | | |
| <input type="checkbox"/> Non-Construction | | | |
| 5. APPLICANT INFORMATION | | | |
| Legal Name: Town of Apple Valley | | Organizational Unit: Department: Economic Development Department | |
| Organizational DUNS: 622215218 | | Division: Housing Section | |
| Address: Street: 14955 Dale Evans Parkway | | Name and telephone number of person to be contacted on matters involving this application (give area code) | |
| City: Apple Valley | | Prefix: Ms. | First Name: Emily |
| County: San Bernardino | | Middle Name | |
| State: CA | Zip Code 92307 | Last Name Wong | |
| Country: United States | | Suffix: | |
| 6. EMPLOYER IDENTIFICATION NUMBER (EIN): 33-0338303 | | Phone Number (give area code) 760 240 7000 x 7900 | Fax Number (give area code) 760 240-7910 |
| 8. TYPE OF APPLICATION: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input checked="" type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) A <input type="checkbox"/> | | 7. TYPE OF APPLICANT: (See back of form for Application Types) Municipal Other (specify) | |
| 10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Labor Management Cooperation Program | | 9. NAME OF FEDERAL AGENCY: Department of Housing & Urban Development | |
| 12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): Town of Apple Valley | | 11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Neighborhood Stabilization Program - 3 (NSP-3) | |
| 13. PROPOSED PROJECT Start Date: 6/1/2011 | | 14. CONGRESSIONAL DISTRICTS OF: a. Applicant 40th b. Project 40th | |
| Ending Date: 6/1/2013 | | | |
| 15. ESTIMATED FUNDING: | | 16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? | |
| a. Federal | \$ 1,463,014. ⁰⁰ | a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON | |
| b. Applicant | \$. ⁰⁰ | DATE: | |
| c. State | \$. ⁰⁰ | b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372 | |
| d. Local | \$. ⁰⁰ | <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW | |
| e. Other | \$. ⁰⁰ | | |
| f. Program Income | \$. ⁰⁰ | 17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? | |
| g. TOTAL | \$ 1,463,014. ⁰⁰ | <input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No | |
| 18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED. | | | |
| a. Authorized Representative | | | |
| Prefix Mr. | First Name Frank | Middle Name W. | |
| Last Name Robinson | | Suffix | |
| b. Title Town Manager | | c. Telephone Number (give area code) 760 240-7000 x 7051 | |
| d. Signature of Authorized Representative | | e. Date Signed February 28, 2011 | |

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Standard Form 424 (Rev.9-2003)
Prescribed by OMB Circular A-102

ⁱ Section 3 residents are defined as: 1) residents of public housing; or 2) individuals that reside in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and meet the definition of a low- or very low-income person as defined by HUD).

ⁱⁱ Section 3 business concerns are defined as one of the following: 1) businesses that are 51 percent or more owned by Section 3 residents; 2) businesses whose permanent, full-time employees include persons, at least 30 percent of whom are current Section 3 residents or were Section 3 residents within 3 years of the date of first employment with the business concern; or 3) businesses that provide evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in the two previous categories.