

Grantee: Moreno Valley, CA

Grant: B-11-MN-06-0513

April 1, 2014 thru June 30, 2014 Performance Report



Grant Number:

B-11-MN-06-0513

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

Moreno Valley, CA

Contract End Date:**Review by HUD:**

Reviewed and Approved

LOCCS Authorized Amount:

\$3,687,789.00

Grant Status:

Active

QPR Contact:

No QPR Contact Found

Estimated PI/RL Funds:

\$0.00

Total Budget:

\$3,687,789.00

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The Housing and Economic Recovery Act of 2008 established the following eligible uses:

- § Establishment of financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low and moderate income homebuyers.
- § Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop, such homes and properties.
- § Establishment of land banks for homes that have been foreclosed upon.
- § Demolition of blighted structures.
- § Redevelopment of demolished or vacant properties.

With these eligible uses in mind, the City of Moreno Valley has identified activities that would best address the needs of the community while meeting the requirements of Section 2301(c)(2) of HERA, as amended by the Dodd-Frank Act. The proposed activities are described below.

The NSP3 grant will fund five primary activities plus Administration:

- 1) Single Family Residential Acquisition, Rehabilitation, and Resale in the amount of \$1,554,010 (LMMH)
- 2) Multi-Family Residential Acquisition, Rehabilitation, and Rental in the amount of \$465,000 (LH25)
- 3) Neighborhood Stabilization Homeownership Program (NSHP) in the amount of \$0
- 4) Demolition in the amount of \$0
- 5) Land banking in the amount of \$0
- 6) Redevelop demolished or vacant properties as housing in the amount of \$1,300,000
- 7) Administration in the amount of \$368,779

NOTE: The City of Moreno Valley amended the initial application to propose the inclusion of a rental component in the NSP3. At the time of the initial application market conditions could support the City's strategy of creating homeownership opportunities for the LH25 population, however, recent shifts in the market makes the strategy no longer viable.

Activity 1- Single Family Residential Acquisition/Rehabilitation/Resale (SFR-ARR)

The City of Moreno Valley proposes to dedicate \$1,554,010 of the NSP3 grant to acquiring foreclosed single-family detached and/or single-family attached (condominium) residence(s) and then rehabilitating and reselling them to income-eligible households of up to 120% AMI. Alternatively, the City may request transfer of Activity 1 funds in the future to Activities 4 or 5, to provide additional funds for land banking and/or redevelopment, as needed.

Under the NSP1 grant, the SFR-ARR program is already being used effectively to rehabilitate foreclosed properties in neighborhoods with a Foreclosure Risk Score of 9 or 10 (a score of 10 indicated the highest level of need). As described in Section A above, the City proto extend the availability of the SFR-A



Summary of Distribution and Uses of NSP Funds:

program into a few newly targeted neighborhoods now identified as having a high risk of foreclosure

The City of Moreno Valley will partner with several residential development partners to make a visible impact on the identified target areas. Properties will be acquired at a minimum discount of 1% below appraised value, in compliance with NSP3 regulations. All ARR NSP3 properties will be rehabilitated. Energy efficient and environmentally-friendly "green" elements will be incorporated into the rehabilitation scopes of work for each property, as much as practically possible. Prior to resale, the NSP3 properties must pass an inspection by a City building inspector for compliance with the City's Housing Quality Standards (HQS).

Activity- 2: Multi-Family Attached Residential Acquisition, Rehabilitation, and Rental (MFR-ARR)

Initially, the City of Moreno Valley proposed targeting some of Moreno Valley's condominium neighborhoods struggling with excess foreclosures and rental units as a strategy to meet the LH25 requirement. However, given substantial monthly HOA fees levied against each unit, coupled with inadequate owner-occupancy rates of the condominium projects (less than 50% - which is a requirement to secure funding), FHA and traditional mortgage financing opportunities are not available for households seeking to acquire condominium units. Consequently, the target LH25 population (those earning up to 50% AMI) will not be able to secure the first mortgage loan needed to acquire the property. As a result, the City of Moreno Valley must modify the approach to serve the needs of the LH25 population. PLEASE SEE THE REDEVELOPMENT ACTIVITY FOR MORE INFORMATION REGARDING PROVIDING HOUSING TO SERVICE LH-25.

The current price points of the Moreno Valley real estate market and the level of subsidy that would be required to continue the targeted strategy of creating homeownership opportunities for the LH25 population, predicated a shift in the approach to meet the LH25 requirement. The City of Moreno Valley will now focus on creating multi-family rental opportunities, as opposed to single family homeownership opportunities, for the LH25 population.

To comply with NSP3 requirements, the City will to dedicate \$465,000 of the grant to households that earn up to 50% AMI. The City will tailor this component of the MFR-ARR activity to increase the current affordable rental unit stock by creating additional affordable housing rental units for income-eligible LH25 households. This shall be accomplished through partnership with a Community Housing Development Organization (CHDO) or other non-profit residential developer who will acquire, rehabilitate, rent, and manage the units under City oversight. The City will enter into an Affordable Housing Agreement with the CHDO or other non-profit developer. Pursuant to the Affordable Housing Agreement, the multi-family units will be subject to a 55-year affordability covenant that will be recorded against the property will run with the land. Continued affordability will be ensured by City staff through an annual recertification process. The property will be inspected by a City Building Inspector prior to occupancy to ensure Housing Quality Standards are met. &

Summary of Distribution and Uses of NSP Funds:

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Activity 3: Neighborhood Stabilization Homeownership Program (NSHP)

The City of Moreno Valley will dedicate \$0 of the NSP3 allocation to provide for buyer-driven homeownership for low, middle, and moderate income-eligible homebuyers earning up to 120% area median income (AMI). The funds will be used to provide direct homebuyer acquisition assistance and/or rehabilitation financing. The funds may be used to provide assistance to the homebuyer through down payment, closing costs and/or minor rehabilitation/repair work while incorporating energy-efficient improvements that will provide long-term affordability and increased sustainability. Minor home repair assistance will include interior and exterior repairs and curb appeal improvements. The minor rehabilitation financing component of the activity is designed to help absorb single-family properties in the market that may otherwise not be absorbed due to a homebuyer's inability to make the necessary repairs because of a lack of resources.

In accordance with NSP3 Guidelines, all properties assisted via the use of NSP3 funds are subject to continued affordability restrictions. As a result, each property assisted under the NSHP activity will be subject to recorded covenants for a 15 year term. The covenants will be used to ensure, to the maximum extent practicable, that the properties remain affordable to families and individuals whose incomes do not exceed 120% AMI. The "soft" component encourages income-eligible homeowners to remain in the NSP affordable unit. Continued affordability will be ensured via an annual monitoring process to be conducted by City staff. No interest will be charged on the "soft" second. However, should the home sell or transfer before the affordability period is realized, the City will collect a share of the equity on a declining scale. In other words, if the NSP assisted property is sold or transferred within the covenant period, the City will then be entitled to a share of the gain on sale in addition to the original amount loaned. The gain on sale returned to the City will not exceed the total investment made into the property by the City. The Covenants will remain in effect for the prescribed Covenant Period of 15 years and are not cancelled upon the sale of the property. A subsequent owner of the property will be subject to the recorded Covenant for the remainder of the affordability period.

Activity 4- Demolition

The City of Moreno Valley will dedicate \$0 to demolish blighted structures. The funds will be used to acquire and demolish foreclosed and vacant properties that are dilapidated beyond reasonable repair or fiscal feasibility, and/or present health and safety hazards. Upon the completion of the demolition, properties will be maintained through the land bank that will be established as one of the eligible NSP3 activities.

Activity 5 - Land Banking

The City of Moreno Valley will dedicate \$0 of the NSP3 grant to assembly, temporary management, and disposal of vacant land after a structure has been demolished. The funds will be used toward the mainten



Summary of Distribution and Uses of NSP Funds:

ance of the property after a demolition has occurred until replacement residential units are constructed.

Activity 6 – Redevelopment

The City will dedicate \$1,300,000 of the NSP3 grant to the redevelopment of vacant sites or demolished sites for future development to provide housing to income-eligible households earning up to 120%. The City will focus its redevelopment efforts all of the Target Areas, as defined above. In addition, the City will leverage the NSP 3 funds with other funding sources (i.e. CDBG and HOME) to maximize the effectiveness of the activity. The City will partner with various development partners to create affordable homeownership opportunities for income-eligible households earning up to 120% AMI by redeveloping vacant properties held in the City's land bank. This activity will be used to construction a new subdivision consisting of 8 single family homes all of which will be used to provide homeownership opportunities to serve the LH-25 population earning up to 50% AMI.

How Fund Use Addresses Market Conditions:

Moreno Valley's current housing market continues to struggle with excessive numbers of foreclosures: 1,861 are currently in the foreclosure process plus more than 850 are already bank-owned. In general, homes are not available for sale unless they are bank-owned or the owner is seeking a short-sale. According to the Multiple Listing Service (MLS), more than 250 single family homes and more than 45 condominiums are currently for sale in Moreno Valley.

Though prices have dropped more than 44%, home sale pricing seems to have stabilized somewhat. Over the last year, the median resale price for single-family homes rose just 2% (or \$3,681) to \$160,208 in December 2010. Sales numbers show strong interest in Moreno Valley's market as investors compete to purchase prospective rental or rehabilitation/resale properties. However, owner-occupant home purchasing remains sluggish and pockets of Moreno Valley continue to experience price declines. Under the City's NSP1 grant, some ARR homes have required resale price reductions after properties sat on the market for extended periods, to encourage purchase by owner-occupant homebuyers.

Ensuring Continued Affordability:

The City of Moreno Valley is committed to maintaining affordability for its NSP3 assisted housing.

NSP activities using the minimum 25% allocated for households earning up to 50% area median income (LH25) will target efforts to increasing rental opportunities within this income level. The City will partner with a CHDO or other non-profit residential developer who will acquire, rehabilitate, rent and manage the units under the City's oversight. The City will enter into an Affordable Housing Agreement with the CHDO or other non-profit developer. Pursuant to the Affordable Housing Agreement, the multi-family units will be subject to a 55-year affordability covenant that will be recorded against the property will run with the land. Continued affordability will be ensured by City staff through an annual recertification process.

All NSP3 single-family home purchase activities involving assistance to households earning up to 120% of area median income (LMMH) will be subject to the affordability period of 15 years. Should the household sell or transfer the property before the affordability period is complete, the City will collect a share of the increased equity. In other words, if the NSP-assisted property is sold or transferred within the 15-year affordability, the City will be entitled to a share of the gain on sale in addition to the principal amount loaned. The funds returned to the City on the sale of the unit will be considered program income and will be recycled back into the appropriate account to fund additional NSP projects.

Definition of Blighted Structure:

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. The California legislative definition of blight is found in the Health and Safety Code Sections 33030 and 33031. In sum, the definition describes two basic areas of blight: physical and economic.

Subdivision (a) of section 33031 describes the physical conditions that cause blight as follows:

- § Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.
- § Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.
- § Adjacent or nearby uses that are incompatible with each other and that prevent the economic development of those parcels or other portions of the project area.
- § The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Subdivision (b) of section 33031 describes the economic conditions that cause blight as:

- § Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with 33459), discussed in chapter 6, entitled Environmental Issues.
- § Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities.
- § A lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drugstores and banks, and



other lending institutions.

§ Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults that has led to problems of public safety and welfare.

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

Definition of Affordable Rents:

“Affordable Rents” means a rental housing cost not in excess of that which may be charged the applicable eligible person or family pursuant to Section 50053 of the California Health and Safety Code. For NSP assisted projects, the City will use affordable rents under the HOME program, less utility allowances as provided by the County of Riverside Housing Authority.

Housing Rehabilitation/New Construction Standards:

The City has Housing Quality Standards (HQS) created to conform to the Department of Housing and Urban Quality Standards, in addition to applicable municipal laws, codes, and Building Code Standards.

The HQS covers six essential areas of construction:

- 1) Physical and/or Environmental Improvements,
- 2) Structural-Exterior Building Improvements and Finishes
- 3) Building Interior,
- 4) Plumbing
- 5) Electrical
- 6) Mechanical

For NSP3 properties in particular, the City’s HQS will be revised to include energy efficient and environmentally-friendly “green” requirements for incorporation into the rehabilitation scope of work for each property.

Within the HQS, the City has outlined the minimum requirements that each NSP assisted housing unit must meet prior to occupancy by the eligible participant(s). The City’s NSP3 building inspector reviews proposed scopes of work for each NSP3 property and makes revisions in compliance with the HQS. If upon inspection, it is found that a unit does not meet the standards, occupancy will be deferred until the unit does meet the standards (i.e., after repair and successful re-inspection of the unit).

Vicinity Hiring:

The City of Moreno Valley will incorporate local hiring requirements into the Participation Agreements to be executed by the Development Partners selected for NSP3 implementation. The City, shall to the maximum extent feasible, provide for the hiring of employees who reside in Moreno Valley. The City will monitor Development Partner compliance through collection of Section 3 reporting data.

Procedures for Preferences for Affordable Rental Dev.:

The City of Moreno Valley is proposing to use a significant portion of its NSP3 allocation (APPROX. 40%) for the acquisition and/or rehabilitation of multi-family properties. These properties will be used for long-term affordable rental housing units.

Grantee Contact Information:

City of Moreno Valley
Community & Economic Development Department
Neighborhood Preservation Division
14177 Frederick St.,
Moreno Valley, CA 92553
John Terell, Community & Economic Development Director
johnt@moval.org
Shaniqua Freeman, Housing Program Coordinator
shaniquaf@moval.org
(951) 413-3450

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$3,687,789.00
Total Budget	\$0.00	\$3,687,789.00
Total Obligated	\$0.00	\$3,687,789.00
Total Funds Drawdown	\$0.00	\$1,679,723.61
Program Funds Drawdown	\$0.00	\$1,679,723.61
Program Income Drawdown	\$0.00	\$0.00



Program Income Received	\$0.00	\$0.00
Total Funds Expended	(\$123,877.23)	\$2,425,444.59
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$553,168.35	\$0.00
Limit on Admin/Planning	\$368,778.90	\$107,658.73
Limit on State Admin	\$0.00	\$107,658.73

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$368,778.90	\$368,779.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$921,947.25	\$465,000.00

Overall Progress Narrative:

NSP 3 &ndash 2nd Quarter 2014 (April 1 to June 30, 2014) QPR

ADMINISTRATION

Staff has completed the following tasks:

- Facilitated escrow process to title transfer of property to Development Partners;
- Processed escrow documents;
- Ordered appraisals;
- Evaluated properties for acquisition;
- Scheduled/conducted preliminary and final inspections;
- Reviewed budgets and scopes of work for potential acquisitions;
- Administered budget including expenditure and revenue projects;
- Managing resale escrows;
- Negotiating and drafting affordable housing agreements for multi-family project;
- Managing and overseeing entitlement process for identified redevelopment project with Habitat for Humanity
- DRGR reporting.

\$62,241.11 were expended in administration costs this quarter.

SINGLE FAMILY ARR &ndash LMMH ACTIVITY



Minimal expenditures are being reported for this reporting period in the amount of \$725 for two post-rehab appraisals. However, a credit was processed for \$16,000 for a developer's fee that was double counted. The next credit to be processed in DRGR will be \$15,275. The construction was completed on the following properties last quarter and the buyers are undergoing the homebuyer qualification/escrow process:

Mayans

25604 San Lupe* (escrow scheduled to close July 2014)

26066 Rojo Tierra* (escrow scheduled to close July 2014)

Sheffield

24270 Bay* (escrow scheduled to close August 2014)

14598 Antilles* (escrow scheduled to close August 2014)

23680 Mark Twain* (escrow scheduled to close August 2014)

PROGRAM INCOME

In March 2014, the City closed the resale escrow on 11972 Sugar Creek (Sheffield). The resale of the property generated \$149,287.39 of Program Income.

Construction was completed on 14861 Wintergreen and 12669 Gorham during this reporting period. An offer has been accepted on Wintergreen and the homebuyers are undergoing the qualification process.

MULTIFAMILY FAMILY ARR – LH 25 ACTIVITY

During this quarter the City finalized the negotiations of the Affordable Housing Agreement with RHDC for the development of the property located at 22862 Adrienne Avenue which was acquired by the City as an REO from Citibank. Escrow was opened this quarter to transfer the title of the property to RHDC for development. Escrow is scheduled to close early August. \$1,308.20 was expended this quarter for board-up/abatement.

REDEVELOPMENT ACTIVITY

Habitat is currently in plan check with their various construction/improvement plans (i.e. street, water, sewer, rough grading, precise grading, etc.). The public improvement agreement, which must be approved by council, is scheduled for approval in August. The final map and other construction plans are scheduled to be approved in August, as well. Construction is scheduled to commence immediately following approvals. No expenditures for this activity are being reported for this reporting period.

FINANCING MECHANISMS

No activity to report; activity defunded by Substantial Amendment.

LANDBANKING

No activity to report; activity defunded by Substantial Amendment.

DEMOLITION

No activity to report; activity defunded by Substantial Amendment.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP-Admin., Administration	\$0.00	\$368,779.00	\$107,658.73
NSP3-1, Acquisition/Rehabilitation	\$0.00	\$2,019,010.00	\$1,461,911.67
NSP3-2, Financing Mechanism	\$0.00	\$0.00	\$0.00
NSP3-3, Demolition	\$0.00	\$0.00	\$0.00
NSP3-4, Land Banking	\$0.00	\$0.00	\$0.00
NSP3-5, Redevelopment	\$0.00	\$1,300,000.00	\$110,153.21



Activities

Project # / Title: NSP-Admin. / Administration

Grantee Activity Number: NSP3-Administration

Activity Title: Administration

Activity Category:

Administration

Project Number:

NSP-Admin.

Projected Start Date:

03/07/2011

Benefit Type:

()

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Moreno Valley, Economic Development Department

Overall

Total Projected Budget from All Sources

Apr 1 thru Jun 30, 2014

N/A

To Date

\$368,779.00

Total Budget

\$0.00

\$368,779.00

Total Obligated

\$0.00

\$368,779.00

Total Funds Drawdown

\$0.00

\$107,658.73

Program Funds Drawdown

\$0.00

\$107,658.73

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$60,895.75

\$198,886.41

City of Moreno Valley, Economic Development Department

\$60,895.75

\$198,886.41

Match Contributed

\$0.00

\$0.00

Activity Description:

City-wide

Location Description:

City of Moreno Valley

>Community & Economic Development Department,

>Neighborhood Preservation Division

>Dante G. Hall, Redevelopment & Neighborhood Programs Administrator

>Ph. 951-413-3455, E-mail: danteh@moval.org

>14177 Frederick St., Moreno Valley, CA 92553

Activity Progress Narrative:



ADMINISTRATION

Staff has completed the following tasks:

- Facilitated escrow process to title transfer of property to Development Partners;
- Processed escrow documents;
- Ordered appraisals;
- Evaluated properties for acquisition;
- Scheduled/conducted preliminary and final inspections;
- Reviewed budgets and scopes of work for potential acquisitions;
- Administered budget including expenditure and revenue projects;
- Managing resale escrows;
- Negotiating and drafting affordable housing agreements for multi-family project;
- Managing and overseeing entitlement process for identified redevelopment project with Habitat for Humanity
- DRGR reporting.

\$62,241.11 were expended in administration costs this quarter; adjusted by \$1,345.36 to ensure expenditures reported are consistent with expenditures posted to general ledger.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Project # / Title: NSP3-1 / Acquisition/Rehabilitation

Grantee Activity Number: NSP3-1 (LH25)

Activity Title: Acquisition/Rehabilitation/Rental (LH25)

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP3-1

Projected Start Date:

03/07/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

03/07/2014

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

City of Moreno Valley, Economic Development Department

Overall

	Apr 1 thru Jun 30, 2014	To Date
Total Projected Budget from All Sources	N/A	\$465,000.00
Total Budget	\$0.00	\$465,000.00
Total Obligated	\$0.00	\$465,000.00
Total Funds Drawdown	\$0.00	\$187,076.97
Program Funds Drawdown	\$0.00	\$187,076.97
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$801.54	\$187,878.51
City of Moreno Valley, Economic Development Department	\$801.54	\$187,878.51
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity will provide for acquisition, rehabilitation, and rental of foreclosed, vacant, and abandoned multi-family residences by the City in cooperation with residential development partners. The units will be acquired at a minimum discount of 1% off the appraised value. The homes will be rehabilitated and rented to income-eligible qualified households &ndash targeting families earning up to 50% AMI (LH25 population).

This activity is for the acquisition, rehabilitation, and rental of multifamily residential property to households earning up to 50% of the area median income. The City will acquire multi-family structures and contract with a CHDO or non-profit for the rehabilitation and management of the units, OR the City may provide funding to City CHDO/non-profit residential developer to acquire, rehabilitates, rent, and manage the units.

The City will enter into an Affordable Housing Agreement with the CHDO or non-profit residential developer. Pursuant to the Affordable Housing Agreement, the multi-family units will be subject to 55-year affordability covenants that run with the land. Continued affordability will be ensured by City staff through an annual recertification process. The property will be inspected by a City Building Inspector whether or not a CHDO or non-profit residential developer is contacted, to ensure HQS are met.

Location Description:

To ensure that NSP3 funds will be utilized to address foreclosures in areas of greatest need, Moreno Valley proposes to implement the ARR activity in the Target Areas described in Section A and restated below (all proposed areas have a HUD Foreclosure Risk Score of &ldquo20&rdquo):



§ Target Area 6: Edgemont Area - Irregularly bounded by Frederick St., Alessandro Blvd., Cottonwood Ave., Day St., Eucalyptus Ave.

Activity Progress Narrative:

During this quarter the City finalized the negotiations of the Affordable Housing Agreement with RHDC for the development of the property located at 22862 Adrienne Avenue which was acquired by the City as an REO from Citibank. Escrow was opened this quarter to transfer the title of the property to RHDC for development. Escrow is scheduled to close early August. \$1,308.20 was expended this quarter for board-up/abatement; only \$801.54 reported as it reflects the net after a refund reduction of \$506.66.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



Grantee Activity Number:	NSP3-1 (LMMH)
Activity Title:	Acquisition/Rehabilitation/Resale (LMMH)

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP3-1

Projected Start Date:

03/07/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Moreno Valley, Economic Development Department

Overall	Apr 1 thru Jun 30, 2014	To Date
Total Projected Budget from All Sources	N/A	\$1,554,010.00
Total Budget	\$0.00	\$1,554,010.00
Total Obligated	\$0.00	\$1,554,010.00
Total Funds Drawdown	\$0.00	\$1,274,834.70
Program Funds Drawdown	\$0.00	\$1,274,834.70
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	(\$185,574.52)	\$1,788,641.56
City of Moreno Valley, Economic Development Department	(\$185,574.52)	\$1,788,641.56
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity will provide for acquisition, rehabilitation, and resale of foreclosed, vacant, and abandoned single family attached and detached homes by the City in cooperation with residential development partners. The homes will be acquired at a minimum discount of 1% off the appraised value. The homes will be rehabilitated and resold to qualified owner-occupant homebuyers – targeting families earning up to 120% AMI (LMMH population).

Homebuyers will be required to execute an affordable housing agreement that restricts their ability to resell to households in the same income category (i.e., 50% or 120% AMI). MorenoValley’s affordable housing agreements are structured to run with the property for 15 years. The City estimates subsidizing ARR transactions at an average of \$36,000 per LMMH property. No interest will be charged to the homebuyer for this subsidy. However, to encourage continued owner-occupancy, the City’s affordable housing agreement requires payment of a share of the gain on sale (equity share) if the homebuyer sells, transfers, or ceases to occupy the property prior to the expiration of the 15-year affordability period. The gain of sale returned to the City will not exceed the total investment made into the property by the city.

Location Description:

To ensure that NSP3 funds will be utilized to address foreclosures in areas of greatest need, Moreno Valley proposes to implement the ARR activity in the Target Areas described in Section A and restated below (all proposed areas have a HUD Foreclosure Risk Score of “2”):



- § Target Area 1: Sunnymead Blvd., Frederick St., Dracaea Ave., and Heacock St.
- § Target Area 2: Kitching St., Eucalyptus Ave., Bay Ave., and Morrison St.
- § Target Area 3: Frederick St., Cottonwood Ave., Indian St., and Alessandro Blvd.
- § Target Area 4: Heacock St., Cold Springs, Parkland Ave., and Mark Twain St.
- § Target Area 5: Indian St., Cactus Ave., Lasselle St., Gentian Ave., Margaret Ave., and Chelbana Wy.
- § Target Area 6: Edgemont Area - Irregularly bounded by Frederick St., Alessandro Blvd., Cottonwood Ave., Day St., Eucalyptus Ave.
- § Target Area 7: Heacock St., Dracaea Ave., Perris Blvd., and Fir Ave.
- § Target Area 8: Rojo Tierra, Cremello Wy., and Lasselle St.
- § Target Area 9: Pigeon Pass Rd., Swan St., Graham St., and Ironwood Ave.

Activity Progress Narrative:

SINGLE FAMILY ARR – LMMH ACTIVITY

Minimal expenditures are being reported for this reporting period in the amount of \$725 for two post-rehab appraisals. However, based upon a full expensured reconciliation with accounting's General Ledger and DRGR and adjustment of -\$185,574.52 will be made to ensure reporting is consistent with expenditures reported in DRGR.

The construction was completed on the following properties last quarter and the buyers are undergoing the homebuyer qualification/escrow process:

Mayans

- 25604 San Lupe* (escrow scheduled to close July 2014)
- 26066 Rojo Tierra* (escrow scheduled to close July 2014)

Sheffield

- 24270 Bay* (escrow scheduled to close August 2014)
- 14598 Antilles* (escrow scheduled to close August 2014)
- 23680 Mark Twain* (escrow scheduled to close August 2014)

PROGRAM INCOME

In March 2014, the City closed the resale escrow on 11972 Sugar Creek (Sheffield). The resale of the property generated \$149,287.39 of Program Income.

Construction was completed on 14861 Wintergreen and 12669 Gorham during this reporting period. An offer has been accepted on Wintergreen and the homebuyers are undergoing the qualification process.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	1	1/9

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	1	1/9
# of Singlefamily Units	1	1/9

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total Low/Mod%



# of Households	0	1	1	1/0	1/9	2/9	100.00
# Owner Households	0	1	1	1/0	1/9	2/9	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
HOME	\$0.00
Total Other Funding Sources	\$0.00

Project # / Title: NSP3-2 / Financing Mechanism

Grantee Activity Number:	NSP3-2
Activity Title:	Neighborhood Stabilization Homeownership Program

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

NSP3-2

Projected Start Date:

03/07/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Financing Mechanism

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Moreno Valley, Economic Development Department

Overall	Apr 1 thru Jun 30, 2014	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total Budget	\$0.00	\$0.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
City of Moreno Valley, Economic Development Department	\$0.00	\$0.00



Match Contributed

\$0.00

\$0.00

Activity Description:

This activity will provide for acquisition, rehabilitation, and resale of vacant and abandoned homes by income-eligible households (up to 120% area median income) via a tailored version of the City's existing first time homebuyer assistance program. The tenure of the beneficiaries is homeownership and the terms of assistance will be in the form of a 30 year deferred, silent second, "soft" loan, with zero interest rate (no monthly payments due, and a proportionate equity share mechanism in lieu of interest).

In this activity, the income-qualified homebuyers will acquire properties directly. The City will not hold ownership under this activity, but will ensure the appraisal requirements are met and required discounts are provided to the NSP homebuyer. Under the program, the responsibility of meeting the City's Housing Quality Standards (HQS, for more information please refer to the Definitions, Section C) shall be placed on the homebuyer and NSHP funds may be used to fund homebuyer rehabilitation work. The City will educate lenders and local realtors regarding the HQS. The property will be inspected by a City Building Inspector at time of sale to ensure the HQS are met.

Affordability covenants will be recorded against each property for a 15 year term. For more information on affordability covenant terms, please refer to page 9. The "soft second" component encourages income-eligible homeowners to remain in the NSP affordable unit. The loan will be forgiven at the expiration of the affordability period. Continued affordability will be ensured via a monitoring process to be conducted by City staff. Should the household, sell or transfer the property before the affordability period expires, the City will collect an equity share. In other words, if the NSP assisted property is sold or transferred, the City will then be entitled to a share of the gain on sale in addition to the original amount loaned. The gain of sale returned to the City will not exceed the total investment made into the property by the city.

Location Description:

To ensure that NSP3 funds will be utilized to address foreclosures in areas of greatest need, Moreno Valley proposes to implement the ARR activity in the Target Areas described in Section A and restated below (all proposed areas have a HUD Foreclosure Risk Score of "20"):

- § Target Area 1: Sunnymead Blvd., Frederick St., Dracaea Ave., and Heacock St.
- § Target Area 2: Kitching St., Eucalyptus Ave., Bay Ave., and Morrison St.
- § Target Area 3: Frederick St., Cottonwood Ave., Indian St., and Alessandro Blvd.
- § Target Area 4: Heacock St., Cold Springs, Parkland Ave., and Mark Twain St.
- § Target Area 5: Indian St., Cactus Ave., Lasselle St., Gentian Ave., Margaret Ave., and Chelbana Wy.
- § Target Area 6: Edgemont Area - Irregularly bounded by Frederick St., Alessandro Blvd., Cottonwood Ave., Day St., Eucalyptus Ave.
- § Target Area 7: Heacock St., Dracaea Ave., Perris Blvd., and Fir Ave.
- § Target Area 8: Rojo Tierra, Cremello Wy., and Lasselle St.
- § Target Area 9: Pigeon Pass Rd., Swan St., Graham St., and Ironwood Ave.

Activity Progress Narrative:

No activity to report

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.



Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Project # / Title: NSP3-3 / Demolition

Grantee Activity Number: NSP3-3
Activity Title: Demolition

Activity Category:

Clearance and Demolition

Project Number:

NSP3-3

Projected Start Date:

03/07/2011

Benefit Type:

()

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Demolition

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Moreno Valley, Economic Development Department

Overall	Apr 1 thru Jun 30, 2014	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total Budget	\$0.00	\$0.00
Total Obligated	\$0.00	\$0.00
Total Funds Drawdown	\$0.00	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$0.00
City of Moreno Valley, Economic Development Department	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:



This activity will provide for the demolition of vacant, foreclosed and abandoned single and multi-family residences by the City in cooperation with residential development partners. Properties that present blight, pose health and safety hazards, and are comprised of illegal structures will be acquired at a discounted rate of at least 1% below appraised value and demolished. Upon completion of the demolition, the land will be added to and maintained through the land bank established by the City as part of the eligible the Program's land banking activity described in further detail below. The land will be redeveloped to create affordable homeownership opportunities for income-eligible households earning up to 50% area median income (LH25) and 120% area median income (LMMH), at a later date.

Location Description:

To ensure that NSP3 demolition funds will be utilized to address foreclosures in areas of greatest need, Moreno Valley proposes to implement the Demolition activity in Target Areas 1 and 2 only, described in Section A and restated below (both proposed areas have a HUD Foreclosure Risk Score of "20"):

- § Target Area 1: Sunnymead Blvd., Frederick St., Dracaea Ave., and Heacock St.
- § Target Area 2: Kitching St., Eucalyptus Ave., Bay Ave., and Morrison St.
- § Target Area 3: Frederick St., Cottonwood Ave., Indian St., and Alessandro Blvd.
- § Target Area 4: Heacock St., Cold Springs, Parkland Ave., and Mark Twain St.
- § Target Area 5: Indian St., Cactus Ave., Lasselle St., Gentian Ave., Margaret Ave., and Chelbana Wy.
- § Target Area 6: Edgemont Area - Irregularly bounded by Frederick St., Alessandro Blvd., Cottonwood Ave., Day St., Eucalyptus Ave.
- § Target Area 7: Heacock St., Dracaea Ave., Perris Blvd., and Fir Ave.
- § Target Area 8: Rojo Tierra, Cremello Wy., and Lasselle St.
- § Target Area 9: Pigeon Pass Rd., Swan St., Graham St., and Ironwood Ave.

Activity Progress Narrative:

No activity to report.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/0
# of buildings (non-residential)	0	0/0
# of Public Facilities	0	0/0
# of Businesses	0	0/0
# of Non-business Organizations	0	0/0
Activity funds eligible for DREF (Ike)	0	0/0

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

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.



Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Project # / Title: NSP3-5 / Redevelopment

Grantee Activity Number: NSP3-5

Activity Title: Redevelopment

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

NSP3-5

Projected Start Date:

03/07/2011

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Redevelopment

Projected End Date:

03/07/2014

Completed Activity Actual End Date:

Responsible Organization:

City of Moreno Valley, Economic Development Department

Overall	Apr 1 thru Jun 30, 2014	To Date
Total Projected Budget from All Sources	N/A	\$1,300,000.00
Total Budget	\$0.00	\$1,300,000.00
Total Obligated	\$0.00	\$1,300,000.00
Total Funds Drawdown	\$0.00	\$110,153.21
Program Funds Drawdown	\$0.00	\$110,153.21
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$250,038.11
City of Moreno Valley, Economic Development Department	\$0.00	\$250,038.11
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity is for the redevelopment of vacant sites or demolished sites for future development to provide housing to income-eligible households earning up to 120%. The City will focus its redevelopment efforts in Target Areas 1 and 2, as defined above. In addition, the City will leverage the NSP 3 funds with other funding sources (i.e. HOME and RDA Set-Aside funds) to maximize the effectiveness of the activity. The City will partner with various development partners to create affordable homeownership opportunities for income-eligible households earning up to 120% AMI by redeveloping vacant properties held in



the City's land bank.

THIS ACTIVITY WILL CREATE HOMEOWNERSHIP OPPORTUNITIES FOR 8 INCOME-ELIGIBLE HOUSEHOLDS EARNING UP TO 50% AMI.

Location Description:

This activity will focus on Target Areas 7, as defined below:

- § Target Area 7: Heacock St., Dracaea Ave., Perris Blvd., and Fir Ave. Ironwood Ave.

Activity Progress Narrative:

Habitat is currently in plan check with their various construction/improvement plans (i.e. street, water, sewer, rough grading, precise grading, etc.). The public improvement agreement, which must be approved by council, is scheduled for approval in August. The final map and other construction plans are scheduled to be approved in August, as well. Construction is scheduled to commence immediately following approvals. No expenditures for this activity are being reported for this reporting period.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources