

Grantee: San Bernardino County, CA

Grant: B-08-UN-06-0505

July 1, 2009 thru September 30, 2009 Performance Report



Grant Number: B-08-UN-06-0505	Obligation Date: 03/17/2009	Award Date: 02/27/2009
Grantee Name: San Bernardino County, CA	Contract End Date: 02/27/2013	Review by HUD: Reviewed and Approved
Grant Award Amount: \$22,758,188.00	Grant Status: Active	QPR Contact: Tom Anderson
LOCCS Authorized Amount: \$22,758,188.00	Estimated PI/RL Funds: \$0.00	
Total Budget: \$22,758,188.00		

Disasters:

Declaration Number

No Disasters Found

Narratives

Areas of Greatest Need:

This region is one of the greatest impacted areas in the country and County staff have been tracking foreclosures and notices of default since early 2008. California is a non-judicial foreclosure state. The foreclosure process begins with a recorded Notice of Default (NOD), which is a public notification that the borrower has fallen behind in the monthly mortgage payments. If the default is not cured, or the loan renegotiated or replaced, the NOD is followed by a Notice of Trustee's Sale (NOTS) after a minimum of three months. The actual Trustee's Sale cannot occur less than 20 days after public notice. The Trustee's Sale is a public auction, at which anyone may bid, including the lender and any junior lien holders. The foreclosure process may be stopped if the default is cured 5 days in advance of the sale date. If no one bids, and the foreclosure process was not stopped, title (ownership) of the property reverts to the lender as REO property (Real Estate Owned). The typical foreclosure process takes at least 117 days in California. There were a total of 20,366 properties taken all the way through the foreclosure process in San Bernardino County from July 1, 2007 through September 30, 2008. In relation to all housing units as estimated by California Department of Finance, this represents 2.97% in San Bernardino County. According to an article published in The Wall Street Journal (July 29, 2008) the Inland Empire region has suffered the largest decline in median home prices since prices hit their peak, with an estimated decline of 37%. In a Forbes article published on October 15, 2008 ("Where Recession Will Hit Hardest") the Riverside-San Bernardino-Ontario MSA was rated the worst area in the country. More than half of the homeowners in the area (62%) owe more on their homes than their homes are worth. The median homeowner almost owes more to get their home "above water" than the median worker makes in a year. The median equity is more than a negative \$33,000. Rising unemployment rates at 9.2% are an added element contributing to the downward economic spiral.

Distribution and and Uses of Funds:

HUD has compiled a set of data at the Census Tract Block Group (CTBG) level for the entire country. The County compiled this set of data, which included low- and moderate-income eligible, foreclosure risk, home price decline, unemployment rate, percentage of high-cost sub-prime loan rate, predicted 18 month foreclosure rate, and vacancy rate. The data for the County was evaluated in a four step priority ranking for those CTBGs most at risk. These areas, defined as "Eligible Targeted Communities," are those census tracts, exclusive of regular CDBG entitlement cities, that have the "greatest need" by utilizing the HUD NSP data sets that include: (1) greatest foreclosure risk, (2) highest percentage of homes financed by a sub-prime mortgage, (3) areas likely to face a significant rise in the rate of foreclosure, and (4) census tracts predominantly low- or moderate-income. For each category, the County assigned points based on severity of the foreclosure crisis and created a "Total Severity Score" (TSS) for all census tract block groups (CTBGs) for the entire County, with the exception of CDBG entitlement jurisdictions. The County only used the standardized data supplied by HUD in the calculations. The procedure assigns points to each of the four variables as follows: (1) Foreclosure risk (based on percentage rate): Maximum of 3 points If 8%, 1 point If 9%, 2 points If 10%, 3 points (2) High cost (sub-prime) loan rate: Maximum of 3 points If >= 40% and < 50%, 1 point If >= 50% and < 60%, 2 points If >= 60%, 3 points (3) Predicted foreclosure/abandonment rate: Maximum of 2 points If >= 10% and < 12%, 1 point If >= 12%, 2 points (4) Low- or Moderate-Income: Maximum of 1 point If YES, 1 point If NO, 0 point The sum of the points awarded for all categories equals the "Total Severity Score" (TSS) for the CTBGs. Those CTBGs with a minimum TSS of 3 (which covers approximately 47% of the County administered area) are determined to be Eligible Targeted Communities and therefore eligible, though not guaranteed County NSP funding for the proposed programs. Based on the TSS analysis, the heaviest impacted cities under the County's FY 2008-09 Action Plan (participating cities) include: Adelanto, Barstow, Colton, Yucca Valley and 29 Palms. The unincorporated communities impacted, again based on the TSS analysis, include: Bloomington, Muscoy, and the unincorporated portions of Adelanto, Barstow, Fontana, and San Bernardino. A table of the data at the census tract level is attached as Appendix F. The maps identifying the Eligible Targeted Communities are located in Appendices B-E of the hard copy application. Tabular data is summarized in Appendix A of the hard copy application. This summary data does not represent the



TSS analysis conducted above, but rather provides additional data on the extent of foreclosed homes in the affected communities. Due to numerous factors, such as the number of CTBGs within a community, some communities may not be identified as an Eligible Targeted Community (e.g., Pioneer Town) even though all CTBGs received a TSS score of 3 or greater because there are only two CTBGs versus larger geographic areas that had many CTBGs with TSS scores above 3 (e.g., Barstow). The County will distribute NSP funds to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by sub-prime mortgage loans, and identified by the County as li

Distribution and and Uses of Funds:

likely to face a significant rise in the rate of home foreclosures. Accordingly, the County will meet the requirements set forth in Section 2301(c)(2) of HERA when expending NSP funds. Most of the activities eligible under the NSP represent a subset of the eligible activities under 42 U.S.C. 5305(a). Certain CDBG-eligible activities correlate to specific NSP-eligible uses and vice versa. The County will ensure that 100 percent of NSP funds will be used to benefit individuals and households with incomes below 120 percent of area median income (AMI). In addition, at least 25 percent of NSP funds will be used to benefit individuals and households with incomes below 50 percent of the area median income. CDH developed specific housing programs to benefit very low (households of less than 50% of AMI), and low-, moderate-, and middle income (households between 51-120% of AMI). The chart in the hard copy of the application summarizes the funding amounts per program and program descriptions are more specifically described in Section G. The chart also describes the geographic targeting for each program. Attached to this Amendment in the hard copy of the application are maps that identify those communities by census tract that will be targeted for specific programs (see Appendices B-E). The "Eligible Targeted Communities" shall be eligible for County NSP funding for programs specified in the table below. Given the NSP funding amount relative to the size and scope of the foreclosure problem in the County, Eligible Targeted Communities are not guaranteed funding, and no single Eligible Targeted Community is proposed to receive a specific amount. The County will determine funding based on factors including, where applicable: f{ Leverage by unit and/or with other funds; f{ Impact on neighborhood; f{ Ability to fund within program time limit; and, f{ And other criteria as deemed appropriate.

Definitions and Descriptions:

Low Income Targeting:

Acquisition and Relocation:

Public Comment:

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$22,758,188.00
Total Budget	\$0.00	\$22,758,188.00
Total Obligated	(\$1,275,819.00)	\$1,000,000.00
Total Funds Drawdown	\$0.00	\$282,013.23
Program Funds Drawdown	\$0.00	\$282,013.23
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$282,013.23
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$3,413,728.20	\$0.00
Limit on Admin/Planning	\$2,275,818.80	\$282,013.23
Limit on State Admin	\$0.00	\$282,013.23
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$5,689,547.00	\$0.00

Overall Progress Narrative:

There were no new projects during this quarter. The County is having difficulty purchasing homes with our development partners due to the discount rate, competitive bidding environment, and the extensive paperwork necessary to meet reporting requirements. The County is planning on acquiring some multifamily housing units by the end of the next quarter. The County is working with the Behavioral Health Department and the San Bernardino County Housing Authority to purchase those housing units. Administration costs were minimal this quarter due to the lack of projects. The County of San Bernardino is not making progress in meeting goals for obligating and committing NSP funding. The County has invested in an aggressive marketing plan that will increase awareness and consequently the demand for these services. The County has hired a marketing firm to redesign our marketing plan and create a schedule of advertisements and events. The County anticipates completing a substantial amendment to simplify its program design and expand the eligible target areas which will increase the market area.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP-I, Purchase Rehabilitation	\$0.00	\$0.00	\$0.00
NSP-II, Homebuyer Assistance - Low Income	\$0.00	\$0.00	\$0.00
NSP-III, Administration	\$0.00	\$2,275,819.00	\$282,013.23



Activities

Project # / Title: NSP-I / Purchase Rehabilitation

Grantee Activity Number: NSP-001B Barstow LMMI

Activity Title: Acquisition Rehab Multi Family Rental

Activity Category:

Rehabilitation/reconstruction of residential structures

Activity Status:

Under Way

Project Number:

NSP-I

Project Title:

Purchase Rehabilitation

Projected Start Date:

01/01/2009

Projected End Date:

01/31/2013

Benefit Type:

Direct (HouseHold)

Completed Activity Actual End Date:

National Objective:

NSP Only - LMMI

Responsible Organization:

Co. of San Bernardino, Community Development and

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$6,100,000.00
Total Budget	\$0.00	\$6,100,000.00
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
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

The purpose of the NSP-I Program is to purchase and rehabilitate foreclosed or abandoned rental housing to primarily benefit households at or below 120% of area median income. The County would use NSP funds to purchase and rehabilitate foreclosed or abandoned rental properties in Eligible Targeted Communities. Properties could be purchased for the San Bernardino County Housing Authority's own portfolio or the County could assist non-profit or for-profit partners in acquisition and rehabilitation. The form of the County's assistance would be a grant or subordinated mortgage. The County would make every effort to leverage these investments, loans and/or grants with FHA or other first mortgages, tax credit proceeds (where possible) and other subordinate financing such as AHP, state funds and its own subordinate mortgage financing. Long term agreements or deed covenants would be recorded to ensure long term affordability (minimum term of 15 years, expected term of 55 years). Subject to approval by the Housing Authority's Board of Directors, the Housing Authority is expected to be the County's primary partner for this activity. Tenure of beneficiaries-rental or homeownership: Rentals, but long-term with affordability covenant. Duration or term of assistance: Long-term subordinate loan and/or grant. Description of how design of the activity will ensure continued affordability: County would record long-term (minimum 15 years or term of loan, up to 55 years) rent regulatory agreement or covenant. Discount rate: Average 1% as set forth



in Section 2301(d)(1) of HERA and described in Section Q of HUD Docket No. FR-5255-N-01. Range of interest rates: 0-7%, but non-current payment so as to maximize leverage from first mortgage, tax credits and other subordinate financing.

Location Description:

This project is located in the Barstow, California.

Activity Progress Narrative:

The County did not start any projects during this quarter. The County is in discussion with the Housing Authority of San Bernardino County to purchase and rehabilitate several multi-family properties located in Yucca Valley, Highland and Barstow. The properties range in size from 20 units to 150 units. The County expects to have commitments to move forward on at least one of these properties by next quarter.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Properties	0		0/2	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		0/225	
# of Multifamily Units	0		0/225	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	0/0	0/0	0/225	0
# Renter Households	0	0	0	0/0	0/0	0/225	0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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



Grantee Activity Number:	NSP-001D
Activity Title:	Rehabilitation - Single Family

Activity Category:
Rehabilitation/reconstruction of residential structures

Activity Status:
Under Way

Project Number:
NSP-I

Project Title:
Purchase Rehabilitation

Projected Start Date:
01/01/2009

Projected End Date:
01/31/2013

Benefit Type:
Direct (HouseHold)

Completed Activity Actual End Date:

National Objective:
NSP Only - LMMI

Responsible Organization:
Co. of San Bernardino, Community Development and

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$24,125.00
Total Budget	\$0.00	\$24,125.00
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
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

The purpose of the NSP-001D Program is to assist purchaser-occupants to rehabilitate foreclosed homes. Owner occupants purchasing a foreclosed home could obtain a second mortgage rehabilitation loan of up to \$25,000 to improve the home. These second (or third) mortgage loans would be administered in the same way as the County's current CDBG-funded home rehabilitation loan program. Rehabilitated properties would have to meet City/County/CDBG habitability standards. Loan interest rates could range from 0 to 7%. Owner occupants could also obtain the Down Payment Assistance described under Program NSP-II. A 10-year lien would be recorded; if the owner refinances with cash out, sells, transfers title, or sublets/rents the property within the first 10 years, the loan would immediately become due and payable. NSP funds would be leveraged 2:1 to 5:1 by this activity. This program would be geographically focused in the County's Targeted Communities and assistance could be combined with Program NSP-II. NSP-II Housing Related Activities Tenure of beneficiaries-rental or homeownership: Long term homeownership. Duration or term of assistance: Subsequent to home purchase; long term assistance, repayable second or third loan. Description of how the design of activity will ensure continued affordability: For loan (plus any downpayment assistance) from \$15,000-\$25,000, a 10 year lien would be recorded. If the owner refinances with cash out, sells, transfers title, or sublets/rents the property within the first 5 years, the loan would immediately become due and payable. Aquisition Activities: Discount Rate: Average 15% as set forth in Section 2301(d)(1) of HERA and described in Section Q of HUD Docket No. FR-5255-N-01. Financing Activities: Range of interest rates: 0-7%

Location Description:

Eligible Targeted Communities.
The funding was reduced to \$25,408, with the remaining funding transferred to another NSP activity per the Plan



Amendment approved on January 12, 2010. This will allow the funds to be obligated per NSP requirements.

Activity Progress Narrative:

There has been no interest in this activity, this quarter. The County has developed an aggressive marketing plan to attract customers.

Accomplishments Performance Measures

	This Report Period Total	Cumulative Actual Total / Expected Total
# of Properties	0	0/2

	This Report Period Total	Cumulative Actual Total / Expected Total
# of Housing Units	0	0/2
# of Singlefamily Units	0	0/2

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	0/0	0/2	0/2	0
# Owner Households	0	0	0	0/0	0/2	0/2	0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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

Project # / Title: NSP-III / Administration

Grantee Activity Number: NSP-003

Activity Title: Project Delivery/ Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NSP-III

Project Title:

Administration

Projected Start Date:

Projected End Date:



01/01/2009

01/31/2013

Benefit Type:

()

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

Co. of San Bernardino, Community Development and

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$2,275,819.00
Total Budget	\$0.00	\$2,275,819.00
Total Obligated	(\$1,275,819.00)	\$1,000,000.00
Total Funds Drawdown	\$0.00	\$282,013.23
Program Funds Drawdown	\$0.00	\$282,013.23
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$282,013.23
Co. of San Bernardino, Community Development and	\$0.00	\$282,013.23
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Administration of NSP Program

Location Description:

Eligible Targeted Communities.

Activity Progress Narrative:

Administration expenses were minimal this quarter due to the lack of new projects.

Accomplishments Performance Measures

No Accomplishments Performance Measures

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

