

NEIGHBORHOOD STABILIZATION PROGRAM
3RD ROUND

SUBSTANTIAL AMENDMENT
CITY OF MORENO VALLEY



<p><u>Jurisdiction(s):</u> City of Moreno Valley</p> <p><u>Jurisdiction Web Address:</u></p> <p>http://www.moval.org/resident_services/housing/index_housing.shtml</p> <p><u>Mailing Address:</u> 14177 Frederick St. Moreno Valley, CA 92553</p>	<p><u>NSP Contacts:</u> Michele Patterson Redevelopment & Neighborhood Programs Administrator</p> <p>Shaniqua Freeman Housing Program Coordinator</p> <p><u>Telephone:</u> 951-413-3450</p> <p><u>Fax:</u> 951-413-3459</p> <p><u>Email:</u> MicheleP@moval.org ShaniquaF@moval.org</p>
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The City of Moreno Valley wishes to thank HUD for recognizing the seriousness of the housing crisis in our City and allocating \$3,687,789 in the third round of Neighborhood Stabilization Program (NSP) funds to address foreclosed, vacant, and abandoned homes. The City is determined to find the highest and best use for these emergency dollars and offers the following plan for your review.

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A. AREAS OF GREATEST NEED

HUD: Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

City Response:

The City of Moreno Valley is a 51-square mile city located in western Riverside County, California. Through 2006, Moreno Valley consistently ranked as one of the fastest growing cities in the nation. This significant growth rate, combined with skyrocketing home prices and risky lending practices, placed Moreno Valley near the top of a less desirable ranking – it is one of the cities hardest hit by foreclosures.

The Department of Housing and Urban Development (HUD), via the 2008 HERA Act, recognized the seriousness of Moreno Valley's foreclosure problem and allocated \$11,390,116 to the City for use in neighborhood stabilizing activities. In the effort to address continued needs, Moreno Valley was allocated an additional \$3,687,789 in the third round of Neighborhood Stabilization Program (NSP) funds, authorized on July 21, 2010 under the Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act).

In response to Moreno Valley's foreclosure problem and with HUD's allocations, the City will focus its efforts in the areas of greatest need. In order to identify these areas, the City analyzed various information:

The foreclosure and abandonment risk scores were calculated by HUD, through evaluation of the data described below. HUD provided the risk scores in a 1-20 priority ranking with 20 representing the highest risk of foreclosure/abandonment. HUD established California's minimum eligible need score of 17. **The entire City of Moreno Valley has been determined eligible, with NSP3 Need Scores ranging from a few Census Tracts with scores of 18 or 19 and 87% of the City scoring at 20.**

HUD's NSP3 Risk Score Data Sources:

- 1). City unemployment rate – Moreno Valley's rate is currently 16.4% (14,300 Moreno Valley residents were unemployed in December 2010), which significantly exceeds Riverside County's rate of 14.2%.
- 2). Average housing sales price decline since market peak – Moreno Valley's resale prices have declined – 44.3% since the peak of the market.
- 3). High cost loan rates by census tract/block groups (mortgages with interest-only payment options, stated income mortgages with high loan to value ratios, etc.) – Moreno Valley's high cost loan rates range from 21.1% to 41%.

The City considered HUD's updated Census Tract foreclosure risk scores, datasets found on www.huduser.org, HUD's NSP3 Mapping Tool, maps developed at the HUD-recommended www.policymap.com website, plus Moreno Valley's NSP1 Target Area map and developed the attached map of the City's proposed NSP3 Target Areas (see Attachment 1).

Utilizing this data, the City identified areas of need, including areas with a high percentage of current home foreclosures, areas with a high percentage of risky home loans, and areas with high future foreclosure rate projections.

Specific Findings:

Since the entire City of Moreno Valley has been determined eligible, with 87% of the Census Tracts assigned an NSP3 Need Scores at 20, the City has used deep targeting to identify the NSP3 Target Areas as those that offer the greatest potential for visible impact. The City proposes to prioritize the use of NSP3 funds in targeted Census Tracts not identified as eligible as part of the NSP 1 Program, to expand the City's NSP response capabilities. The proposed Target Areas have all received a HUD-calculated Foreclosure Risk Score of 20, demonstrating a concentration of existing foreclosures, a high percentage of homes finance with subprime mortgages, and a risk of high future foreclosure rates (also evidenced through the NSP3 Planning Data).

NSP3 Target Areas:

NSP3 requires a focused approach to each grantee's foreclosure response. As a result, Moreno Valley utilized deep targeting principles to select the proposed NSP3 Target Areas.

Though the City's NSP1 program is successfully serving a large portion of Moreno Valley (30 of the City's 86 Census Tracts), several Census Tracts that were found ineligible for NSP1 assistance have suffered an increase in the foreclosure risk factors and now have NSP3 Need Scores of 20. In addition, Moreno Valley has NSP1-eligible condominium neighborhoods that remain unassisted. Moreno Valley's focused approach to identifying NSP3 Target Areas would assist the following:

- Target Area 1: Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
- Target Area 2: Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
- Target Area 3: Condominiums at Iris Ave. and Lasselle St. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. Target Area 3 has an NSP3 Risk Score of 20.
- Target Area 4: Condominiums at Moreno Beach Dr. and JFK Dr. Half of this Target Area remains eligible for NSP1. However, the additional area expands the opportunities to address the needs of condominium neighborhoods. Target Area 4 has an NSP3 Risk Score of 20.
- Target Area 5: Condominiums at Perris Blvd. and Hemlock Ave. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. Target Area 5 has an NSP3 Risk Score of 20.

Please see Attachment 2 – NSP3 Mapping Tool maps and Planning Data reports for details about the proposed NSP3 Target Areas.

B. DISTRIBUTION AND USES OF FUNDS

HUD: Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act, that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

City Response:

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) Acquisition, Rehabilitation, and Resale in the amount of \$2,669,010
- 2) Neighborhood Stabilization Homeownership Program (NSHP) in the amount of \$300,000
- 3) Demolition in the amount of \$50,000
- 4) Land banking in the amount of \$100,000
- 5) Redevelop demolished or vacant properties as housing in the amount of \$200,000.
- 6) Administration in the amount of \$368,779

NOTE: The City of Moreno Valley is not proposing to include a rental component in the NSP3. The City operated an Acquisition, Rehabilitation, Rental program under the NSP1 grant and found that our real estate market conditions do not support this activity. Purchase prices are low enough and investors are competitively over-bidding property list prices such that NSP acquisitions that require negotiation of a 1% discount are not successful. While the rental program was used to comply with spending requirements for the LH25 population, the City instead proposes to utilize an Acquisition, Rehabilitation, Resale program offering low-cost single family detached or condominium units to households earning up to 50% AMI.

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

The City of Moreno Valley proposes to dedicate \$2,669,010 (72%) 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 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 proposes to extend the availability of the ARR program into a few newly targeted neighborhoods now identified as having a high risk of foreclosure. Also, Moreno Valley contains some condominium neighborhoods struggling with excess foreclosures and rental units. With inadequate owner-occupancy rates, FHA financing is not available for families seeking to acquire condominium units and these complexes continue to stagnate. In response, the City proposes to include condominium units in the NSP3 ARR activity to reverse the high rental trend and make affordable homeownership available to Moreno Valley residents, including the LH25 population (those earning up to 50% AMI).

Practically, 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. Prior to resale, the NSP3 properties must pass an inspection by a City building inspector for compliance with the City’s Housing Quality Standards.

To comply with NSP3 requirements, the City will to dedicate at least \$921,947 (25%) of the grant to households that earn up to 50% AMI. The City will tailor this component of the ARR activity to increasing homeownership opportunities for income-eligible households by targeting the purchase of single-family attached (condominium) units and/or lower-priced single-family detached units and providing financing assistance to lessen the affordability gap.

Activity- 2: Neighborhood Stabilization Homeownership Program (NSHP)

The City of Moreno Valley will dedicate \$300,000 (8%) 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 second’ 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 3- Demolition

The City of Moreno Valley will dedicate \$50,000 (1%) to demolish blighted structures. The funds will be used to acquire and demolish foreclosed and vacant properties that are dilapidated beyond reasonable financial repair, 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 4 – Land Banking

The City of Moreno Valley will dedicate \$100,000 (3%) 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 maintenance of the property after a demolition has occurred until new residential construction on the property can take place.

Activity 5 – Redevelopment

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.

BUDGET: A summary of the NSP budget is provided below:

PROPOSED NSP BUDGET

<u>NSP3 Total Grant</u>	\$3,687,789
NSP3-Activity 1, Acquisition/Rehabilitation/Resale (ARR)	\$2,669,010
LH25: \$ 921,947	
LMMH: \$1,747,063	

NSP3-Activity 2, Neighborhood Stabilization Homeownership Program	\$ 300,000
NSP3-Activity 3, Demolition	\$ 50,000
NSP3-Activity 4, Land banking	\$ 100,000
NSP3-Activity 5, Redevelopment	\$ 200,000
NSP3 Administration Cap (10%)	\$ 368,779
Total Proposed Grant Expenditures	\$3,687,789

Under the Dodd-Frank Act, the City of Moreno Valley must expend at least 50% or \$1,843,894.50 of the allocated funds within 2 years of the date the funds become available, and 100% or \$3,687,789.00 of the funds within three years. It is anticipated that the NSP3 activities could potentially generate revenue, or program income. Should this occur, the monies will be reapplied to the NSP3 program and treated as additional funding, subject to the same expenditure criteria as the original grant funds.

The NSP3 Program will be an extension of the NSP1 Program currently being implemented by the City of Moreno Valley, which has been successful to date. Once the NSP3 program is underway, staff will conduct internal evaluations of the NSP3 activity progress to ensure its effectiveness. Should a particular activity be found to not meet the required milestones, the City proposes to allow the City Manager to make 'non-substantial' plan adjustments that shift funds between approved NSP activities to meet spending commitment requirements.

C. DEFINITIONS AND DESCRIPTIONS

HUD: AFFORDABILITY - Describe how the grantee will ensure continued affordability for NSP assisted housing.

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

NSP activities using the 25% allocated for households earning up to 50% area median income (LH25) will target efforts to increasing homeownership opportunities within this income level. Given the shift in the real estate market, the City of Moreno Valley will make a focused effort to acquire single-family attached units. Many of the condominium projects in the City have experienced increased foreclosure rates. As a result, the pricing for the available units has become extremely competitive. With competitive pricing and financial assistance to bridge the affordability gap, increased opportunities for individuals and/or families earning up to 50% area median income have become evident. The units will be subject to 15-year affordability covenants that run with the unit, which means subsequent owners will be subject to the covenants until the expiration of the 15-year affordability period.

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.

HUD: Define “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. No rental activities are currently proposed under the NSP3.

HUD: Define “blighted structure” in context of state or local law.

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.”

Define LH25: Refers to those households earning up to 50% area median income. The City will allocate no less than 25% of the NSP3 grant funds to serving households in this income category.

Define LMMH: HUD characterizes households whose incomes do not exceed 120% area median income as “low-, moderate-, and middle-income households,” abbreviated as LMMH.

HUD: Describe housing rehabilitation standards that will apply to NSP3-assisted activities.

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).

HUD: Describe how vicinity hiring requirements will apply to NSP3 assisted activities.

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.

D. HOUSING 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.

E. NSP INFORMATION BY ACTIVITY (ACTIVITY 1)

- 1) **Activity Name:** **Acquisition, Rehabilitation, and Resale (ARR) of \$2,669,010 Single Family Attached or Detached Units**
- 2) **Activity Type:**
 - NSP: Under HERA 2301(c)(3)(B) - Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
 - CDBG: Under 24 CFR 570.201 (a) Acquisition and (b) Disposition
- 3) **National Benefit Objective:** Moreno Valley's NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low, moderate-, and middle-income (LMMH) households as defined in the HERA.
- 4) **Projected Start Date:** Moreno Valley's NSP3 will commence immediately upon HUD's approval of Moreno Valley's Request for Release of Funds.
- 5) **Projected End Date:** In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the NSP3 grant funds within three years of HUD's execution of the grant agreement. Moreno Valley estimates that acquisition, rehabilitation, and resale will continue through mid-2014.
- 6) **Responsible Organization:**

City of Moreno Valley
Economic Development Department, Neighborhood Preservation Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
951-413-3455, michelep@moval.org
14177 Frederick St., Moreno Valley, CA 92553

Additional development partners shall be contracted to implement the program with close City oversight.

- 7) **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:** Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
 - **Target Area 2:** Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
 - **Target Area 3:** Condominiums at Iris Ave. and Lasselle St. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.
 - **Target Area 4:** Condominiums at Moreno Beach Dr. and JFK Dr. Half of this Target Area remains eligible for NSP1. However, the additional area expands the opportunities to address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.
 - **Target Area 5:** Condominiums at Perris Blvd. and Hemlock Ave. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.

Please see Attachment 2 – NSP3 Mapping Tool maps and Planning Data reports for details about the proposed NSP3 Target Areas.

8) **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 re-sold to qualified owner-occupant home buyers – targeting families earning up to 50% AMI (LH25 population) and 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). Moreno Valley’s affordable housing agreements are structured to run with the property for 15 years. The City estimates subsidizing ARR transactions at an average amount of \$50,000 per LH25 property and \$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.

9) **Total Budget:** (Include public and private components)

The City of Moreno Valley's total NSP3 allocation is \$3,687,789. The budget for this activity is set at \$2,669,010, and is intended to serve the following NSP3-eligible populations:

- LH25 families with incomes up to 50% AMI \$ 921,947
 - LMMH families with incomes up to 120% AMI \$ 1,747,063
- 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.

10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The effectiveness of this activity will be measured by the number of properties acquired and resold to eligible (both LH25 and LMMH) households.

The City estimates subsidizing ARR transactions for LH25 households at an average amount of \$50,000 per property, producing an estimated performance measure for this population of 18 units.

The City estimates subsidizing ARR transactions for LMMH households at an average amount of \$36,000 per property, producing an estimated performance measure for this population of 31 units.

11) **Local 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 will monitor Development Partner compliance through collection of Section 3 reporting data.

E (cont'd). NSP INFORMATION BY ACTIVITY (ACTIVITY 2)

- 1) **Activity Name:** **Neighborhood Stabilization Homeownership Program (NSHP)**
- 2) **Activity Type:**
 - NSP – Under HERA 2301(c)(3)(A), establish financing mechanisms for 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;

- CDBG – Under 24 CFR 570.206 direct homeownership assistance
- 3) **National Objective:** Moreno Valley’s NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) households as defined in the HERA.
- 4) **Projected Start Date:** Moreno Valley’s NSHP will commence immediately upon HUD’s approval of Moreno Valley’s Request for Release of Funds.
- 5) **Projected End Date:** In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the NSHP grant funds within three years of HUD’s execution of the grant agreement. Moreno Valley estimates that direct homebuyer assistance for property acquisition and / or rehabilitation will continue through mid-2014.

6) **Responsible Organization:**

City of Moreno Valley
Economic Development Department, Neighborhood Preservation Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
951-413-3455, michelep@moval.org
14177 Frederick St., Moreno Valley, CA 92553

Additional development partners shall be contracted to implement the program with close City oversight.

- 7) **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:** Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
 - **Target Area 2:** Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
 - **Target Area 3:** Condominiums at Iris Ave. and Lasselle St. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.
 - **Target Area 4:** Condominiums at Moreno Beach Dr. and JFK Dr. Half of this Target Area remains eligible for NSP1. However, the additional area expands the opportunities to address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.

- Target Area 5: Condominiums at Perris Blvd. and Hemlock Ave. This Target Area remains eligible for NSP1. However, approved NSP1 activities do not address the needs of condominium neighborhoods. This target area has an NSP3 Risk Score of 20.

Please see Attachment 2 – NSP3 Mapping Tool maps and Planning Data reports for details about the proposed NSP3 Target Areas.

8) 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.

9) Total Budget: (Include public and private components)

The City of Moreno Valley's total NSP3 allocation is \$3,687,789. The budget for this activity is set at \$300,000, which represents the proposed 20% of list price NSP contribution. Private lender financing of the remaining 80% is estimated at \$1.5 million.

- 10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The effectiveness of this activity will be measured by the number of properties acquired and resold to eligible (both LH25 and LMMH) households. The City estimates subsidizing NSHP transactions at 20% of the purchase price. For example, at a typical sales price of \$150,000 per property, the proposed budget for this activity could produce an estimated performance measure of 10 units. The actual count of units assisted may vary, depending on the purchase price of the unit.

- 11) **Local 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 will monitor Development Partner compliance through collection of Section 3 reporting data.

E (cont'd). NSP INFORMATION BY ACTIVITY (ACTIVITY 3)

- 1) **Activity Name: Demolition**

- 2) **Activity Type:**

- NSP – Under HERA 2301(c)(3)(D), demolish blighted structures
- CDBG – Under 24 CFR 570.201(d) clearance for blighted structures only

- 4) **National Objective:** Moreno Valley's NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) households as defined in the HERA.

- 4) **Projected Start Date:** Moreno Valley's NSHP will commence immediately upon HUD's approval of Moreno Valley's Request for Release of Funds.

- 5) **Projected End Date:** In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the Demolition activity funds within three years of HUD's execution of the grant agreement. Moreno Valley estimates that Demolition activities may continue through mid-2014.

- 6) **Responsible Organization:**

City of Moreno Valley
Economic Development Department, Neighborhood Preservation Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
951-413-3455, michelep@moval.org

14177 Frederick St., Moreno Valley, CA 92553

Additional development partners shall be contracted to implement the program with close City oversight.

- 7) **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:** Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
- **Target Area 2:** Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.

Please see Attachment 2 – NSP3 Mapping Tool maps and Planning Data reports for details about the proposed NSP3 Target Areas.

- 8) **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.

- 9) **Total Budget:** (Include public and private components)

The City of Moreno Valley’s total NSP3 allocation is \$3,687,789. The budget for this activity is set at \$50,000. Additional funding for this activity may be transferred from Activity 1 to provide additional funds for land banking and/or redevelopment, if needed in the future.

- 10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The effectiveness of this activity will be measured by the number of blighted properties that are demolished. Based on recent experience, the City estimates

demolition expenses not to exceed \$10,000 per property. At this cost, the actual count of blighted units to be demolished is estimated at 5.

- 11) **Local Hiring** The City of Moreno Valley will incorporate local hiring requirements into the Agreements to be executed by the Demolition contractors.

E (cont'd). NSP INFORMATION BY ACTIVITY (ACTIVITY 4)

- 1) **Activity Name:** **Land banking**

- 2) **Activity Type:** (include NSP eligible use & CDBG eligible activity)

- NSP – Under HERA 2301 (c) (3), (C) establish land banks for homes that have been foreclosed upon;
- CDBG – Under 24 CFR 570.201 (a) acquisition

- 3) **National Objective:** Moreno Valley's NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) households as defined in the HERA.

- 4) **Projected Start Date:**

Moreno Valley's NSP3 will commence immediately upon HUD's approval of Moreno Valley's Request for Release of Funds..

- 5) **Projected End Date:**

In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the land banking activity funds within three years of HUD's execution of the grant agreement. Moreno Valley estimates that land banking activities may continue through mid-2021, as a land bank may not hold a property for more than ten years without obligating the property for a specific, eligible redevelopment project in accordance with NSP requirements.

- 6) **Responsible Organization:**

City of Moreno Valley
Community & Economic Development Department, Neighborhood Preservation
Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
Ph. 951-413-3455, E-mail: MicheleP@moval.org
14177 Frederick St., Moreno Valley, CA 92553

Additional partners such as a City certified Community Housing Development Organization (CHDO) or other non-profit residential developer shall be contracted to implement the program and manage the units with close City oversight.

- 7) **Location Description:** To ensure that land banking funds will be utilized to address foreclosures in areas of greatest need, Moreno Valley proposes to implement the Land banking activity, when necessary, 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:** Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
 - **Target Area 2:** Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.

Please see Attachment 2 – NSP3 Mapping Tool maps and Planning Data reports for details about the proposed NSP3 Target Areas.

8) **Activity Description:**

This activity provides for the acquisition of undeveloped parcels located within the designated Target Areas to eliminate the blight caused by underutilized land. In accordance with NSP3 regulations, the properties will be acquired with a minimum 1% discount off the appraised value. The undeveloped parcels will be held in and maintained through the land bank that will be established through the Program. The parcels will be developed at a later date to create affordable homeownership opportunities to income-eligible households earning up to 50% area median income (LH25%) and income-eligible households earning up to 120% area median income (LMMH). The funds budgeted for this activity will also be used to maintain the properties that have been rendered vacant as a result of Activity 3 - Demolition, as described above. The City will focus its land banking efforts in Target Areas 1 and 2, as described above.

9) **Total Budget:** (Include public and private components)

The City of Moreno Valley’s total allocation is \$3,687,789. The budget for this activity is set at 3% of the NSP grant, or \$100,000, and it will be used to serve the populations earning up to 50% AMI (LH25) and up to 120% AMI (LMMH). Additional funding for this activity may be transferred from Activity 1 to provide additional funds for land banking and/or redevelopment, if needed in the future.

10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

This activity is predicated by the availability of undeveloped, vacant properties located in the designated Target Areas. It is expected that a minimum of 6 properties will be

held in the land bank and used to create homeownership opportunities for income-eligible households earning no more than 50% AMI (LH25) and income-eligible households earning no more than 120% AMI (LMMH).

E (cont'd). NSP INFORMATION BY ACTIVITY (ACTIVITY 5)

1) **Activity Name:** **Redevelopment**

2) **Activity Type:** (include NSP eligible use & CDBG eligible activity)

- NSP – Under HERA 2301 (c) (3), (E) redevelop demolished or vacant properties.
- CDBG – Under 24 CFR 570.201 (a) acquisition

3) **National Objective:** Moreno Valley's NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) households as defined in the HERA.

4) **Projected Start Date:**

Moreno Valley's NSP3 will commence immediately upon HUD's approval of Moreno Valley's Request for Release of Funds.

5) **Projected End Date:**

In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the Redevelopment activity funds within three years of HUD's execution of the grant agreement. Moreno Valley estimates that Redevelopment activities may continue through mid-2014.

6) **Responsible Organization:**

City of Moreno Valley
Community & Economic Development Department,
Neighborhood Preservation Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
Ph. 951-413-3455, E-mail: MicheleP@moval.org
14177 Frederick St., Moreno Valley, CA 92553

Additional partners such as a City certified Community Housing Development Organization (CHDO) or other non-profit residential developer shall be contracted to implement the program and manage the units with close City oversight.

7) **Location Description:** (Description may include specific addresses, blocks or neighborhoods to the extent known.)

This activity will focus on Target Areas 1 and 2, as defined below:

- Target Area 1: Bounded by Sunnymead Blvd., Frederick St., Dracaea Ave., and Graham St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.
- Target Area 2: Irregularly bounded by SR 60, Kitching St., Cottonwood Ave., Lasselle St, Alessandro Blvd., and Morrison St., this area was determined ineligible by HUD for NSP1 funds but now has an NSP3 Risk Score of 20.

8) **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.

9) **Total Budget:** (Include public and private components)

The City of Moreno Valley's total allocation is \$3,687,789. The budget for this activity is set at 5% of the NSP grant, or \$200,000, and it will be used to serve populations earning up to 120% AMI. Additional funding for this activity may be transferred from Activity 1 to provide additional funds for land banking and/or redevelopment, if needed in the future.

10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

This activity's effectiveness will be predicated by the activities by the land bank. It is estimated that the City will have the ability to redevelop at least 1 vacant parcel with the established budget. Additional funding for this activity may be transferred from Activity 1 to provide additional funds for land banking and/or redevelopment, if needed in the future.

E (cont'd). NSP INFORMATION BY ACTIVITY (ACTIVITY 6)

1) **Activity Name:** **Administration and Planning Costs**

2) **Activity Type:** (include NSP eligible use & CDBG eligible activity)

- NSP Grant administration HERA § 2301(c)(3)

3) **National Objective:** Moreno Valley's NSP3 will be used for activities that meet the Low-, Moderate-, and Middle Income National Benefit Objective as defined under

HERA 2301(f)(3)(A)(i and ii) — i.e., LMMH households earn \leq 120% of AMI, LH25 households earn \leq 50% of AMI). NSP3 beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) households as defined in the HERA.

4) **Projected Start Date:**

Moreno Valley's NSP3 will commence immediately upon HUD's approval of Moreno Valley's Request for Release of Funds.

5) **Projected End Date:**

In compliance with the Dodd-Frank Act, the City of Moreno Valley intends to expend 100% of the Administration activity funds within three years of HUD's execution of the grant agreement. Moreno Valley estimates that Administration activities may continue through mid-2014.

6) **Responsible Organization:**

City of Moreno Valley
Community & Economic Development Department,
Neighborhood Preservation Division
Michele Patterson, Redevelopment & Neighborhood Programs Administrator
Ph. 951-413-3455, E-mail: MicheleP@moval.org
14177 Frederick St., Moreno Valley, CA 92553

7) **Location Description:** (Description may include specific addresses, blocks or neighborhoods to the extent known.)

City-wide

8) **Activity Description:**

This activity includes administration of the grant that includes, but is not limited to the following activities:

- Loan Processing
- Building inspection
- Compliance monitoring (NSP Compliance, Affirmative Marketing, Uniform Real Estate Acquisition and Relocation Act, Environmental Review, etc.)
- Data collection and reporting
- Contracting/Contract Administration
- Consultant selection and supervision
- Agreement preparation
- Legal Counsel
- Partner training
- Data entry and reporting through DRGR
- Provide technical assistance to various non-profit partners

- Ensure public participation
- Negotiation of purchases/sales and processing
- Program marketing to real estate professionals and the public

9) **Total Budget:** (Include public and private components)

NSP allows for 10% of the NSP budget (\$368,779) and 10% of Program Income to be used for grant administration.

10) **Performance Measures** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

All administrative activities will benefit low -, middle-, and moderate income households.

F. SPECIFIC ACTIVITY REQUIREMENTS

HUD: Describe the general terms under which assistance will be provided.

City Response:

Please refer to Section E- **NSP Information by Activity**. Each activity narrative incorporates activity details pertaining to the general terms by which the City will provide assistance to income-eligible households. Each activity narrative identifies tenure of the beneficiaries, explains how the City will ensure continued affordability of all units benefiting through the use of NSP funds, and describes the City's planned activities to meet the statutory requirement of dedicating least 25%, or \$921,947 of the grant funds, to providing affordable housing to the population earning up to 50% area median income.

G. LOW INCOME TARGETING

HUD: Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

City Response:

HUD has allocated to Moreno Valley a total of \$3,687,789 in NSP funds. In compliance with HERA requirements, as amended by the Dodd-Frank Act, a minimum of 25% or \$921,947 of that allocation must be used toward housing for individuals and families whose incomes do not exceed 50% of area median income. The City will ensure that at least this amount is utilized to house the target population, through the Acquisition/Rehabilitation/Resale of single family attached units by providing price subsidies to bridge the affordability gap. Many of the other eligible activities will be used to serve the population earning up to 50% AMI

H. DEMOLITION OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

HUD: Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., \leq 80% of area median income).

City Response:

The City plans to dedicate \$50,000, or 1% of the total grant to demolish dwelling units that are severely distressed and irreparable. The City will demolish only foreclosed and vacant units that are eligible for acquisition utilizing NSP3 funds. In addition, NSP efforts will be focused on existing housing units that are currently vacant. Therefore, the City does not expect that relocation of any low and moderate income households will be necessary.

I. PUBLIC COMMENT

HUD: Provide a summary of public comments received to the proposed NSP Substantial Amendment.

City Response:

The City published a Notice of Public Hearing and a Notice of 2010-2011 Action Plan Amendment in the Press-Enterprise (a local publication) on February 5, 2011, initiating the 15 day Public Review period. The Notice of Public Hearing was also uploaded to the City's website at www.moval.org. An option for the public to e-mail comments to the City was provided on the web page.

TO BE UPDATED UPON THE CONCLUSION OF THE PUBLIC COMMENT PERIOD

Appendix A

CERTIFICATIONS

- (1) **Affirmatively furthering Fair Housing.** The jurisdiction 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-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** 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.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and Relocation.** The jurisdiction 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.
- (6) **Section 3.** The jurisdiction 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.
- (7) **Citizen Participation.** The jurisdiction 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.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of Funds in 3 years.** 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.

- (10) **Use NSP Funds ≤ 120% of AMI.** The jurisdiction will comply with the requirement 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% of area median income.
- (11) **Assessments.** 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: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) 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 non-violent civil rights demonstrations within its jurisdiction.
- (13) **Compliance with Anti-discrimination Laws.** 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 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 will comply with applicable laws.

Barry Foster
Community & Economic Development Director
City of Moreno Valley

Date

Appendix B

NSP 3 Substantial Amendment/Abbreviated Plan Checklist

Jurisdiction: City of Moreno Valley
Lead Agency: City of Moreno Valley
Jurisdiction Web Address: www.moval.org

NSP Contact Person: Shaniqua Freeman, Housing Program Coordinator
Address: 14177 Frederick St., PO Box 88005, Moreno Valley, CA 92552-0805
Telephone: 951-413-3450
Fax: 951-413-3459
Email: shaniquaf@moval.org

The required elements in the substantial amendment/abbreviated action plan are:

A. Areas of Greatest Need

Does the submission identify a neighborhood or neighborhoods as being areas of greatest need with 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 20th percentile most needy score in an individual state? See <http://www.hud.gov/nsp> for minimum thresholds.

Yes No

Verification found on page: 1

Comments:

B. Distribution and Use of Funds

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP3 funds will meet the requirements of Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act, that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No

Verification found on page: 1

Note: The grantee’s narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Comments:

C. Definitions and Descriptions

For the purposes of the NSP3, do the narratives include:

- a definition of “blighted structure” in the context of state or local law
Yes No Verification found on page: 7
- a definition of “affordable rents”
Yes No Verification found on page: 7
- a description of how the grantee will ensure continued affordability for NSP3 assisted housing
Yes No Verification found on page: 6
- a description of housing rehabilitation standards that provide for improvements to increase energy efficiency or conservation of such homes and properties or to provide for a renewable energy source or sources on homes or properties that will apply to NSP3-assisted activities (including applicable Energy Star requirements)
Yes No Verification found on page: 8
- a description of how the grantee will comply with rental housing preference
Yes No Verification found on page: not applicable
- a description of how the grantee will meet the vicinity hiring requirement
Yes No Verification found on page: 8

Comments:

The City of Moreno Valley does not plan to focus efforts on rental housing; focus will be placed on creating homeownership opportunities.

D. Housing Market Conditions

Does the action plan narrative should specifically address how the grantee’s program design will address the local housing market conditions?

- Yes No Verification found on page: 8

Comments:

E. Information By Activity

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP3?
Yes No Verification found on page: 9-20
- correlated eligible activity under CDBG?
Yes No Verification found on page: 9-20
- the areas of greatest need addressed by the activity or activities?
Yes No Verification found on page: 9-20
- expected benefit to income-qualified persons or households or areas?
Yes No Verification found on page: 9-20
- appropriate performance measures for the activity?
Yes No Verification found on page: 9-20
- amount of funds budgeted for the activity?
Yes No Verification found on page: 9-20
- the name, location and contact information for the entity that will carry out the activity
Yes No Verification found on page: 9-20
- expected start and end dates of the activity?
Yes No Verification found on page: 9-20
- how the grantee shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of such project, including information on existing local ordinances that address these requirements?
Yes No Verification found on page: 9-20
- the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds?
Yes No Verification found on page: not applicable

Comments:

The City of Moreno Valley does not plan to focus efforts on rental housing; focus will be placed on creating homewonership opportunities.

F. Specific Activity Requirements

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity provides financing,

- the range of interest rates (if any)
Yes No Verification found on page: 21

If the activity provides housing,

- duration or term of assistance?
Yes No Verification found on page: 21
- tenure of beneficiaries (e.g., rental or homeownership)?
Yes No Verification found on page: 21
- does it ensure continued affordability?
Yes No Verification found on page: 21
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No Verification found on page: 21

Comments:

Details that address this section are included in the narrative responses provided in Section E.

G. Low-Income Targeting

Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income?

- Yes No Verification found on page: 21

Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used for housing individuals or families whose incomes do not exceed 50% of area median income?

- Yes No Verification found on page: 21
Amount budgeted: \$921,947.00

Comments:

H. Demolition or Conversion of Low- And Moderate-Income Units

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?
Yes No Verification found on page: 22

Does the substantial amendment include:

▪ 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-assisted activities?
Yes No Verification found on page: 22

▪ The number of NSP3 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 NSP3 activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No Verification found on page: 11

▪ The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No Verification found on page: 11

Comments:

I. Public Comment Period

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?
Yes No Verification found on page: 22

Is there a summary of citizen comments included in the final amendment?
Yes No Verification found on page: 22

J. Website Publication

The following documents are available on the grantee’s website:

- Proposed NSP3 Substantial Amendment Yes No
- Final NSP3 Substantial Amendment Yes No
- Subsequent NSP3 Amendments Yes No

Website URL:

K. SF424

Does the application contain the SF424 form?
Yes No

L. Certifications

(Note: Make sure grantee signs the correct certifications; non-entitlement local governments have to sign a different set of certifications)

Certifications for Entitlement Communities and States:

The following certifications are complete and accurate:

- | | | |
|---|---|-----------------------------|
| (1) Affirmatively Furthering Fair Housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-Displacement and Relocation Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Anti-Lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Acquisition and Relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Following a Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use of Funds | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) a. Use NSP Funds ≤ 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. No Recovery of Capital Costs through Special Assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with Anti-Discrimination Laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with Lead-Based Paint Procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with Laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Certifications for Non-Entitlement Communities:

The following certifications are complete and accurate:

- | | | |
|---|------------------------------|-----------------------------|
| (1) Affirmatively Furthering Fair Housing | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-Displacement and Relocation Plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Anti-Lobbying | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Authority of Jurisdiction | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Consistency with Plan | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Acquisition and Relocation | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (7) Section 3 | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Citizen Participation | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of Funds | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) a. Use NSP Funds ≤ 120 of AMI | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| b. No Recovery of Capital Costs through Special Assessments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) Excessive Force | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Compliance with Anti-Discrimination Laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with Lead-Based Paint Procedures | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with Laws | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Substantially Complete

Is the amendment substantially incomplete?

Yes No

If the amendment is substantially incomplete, set for the basis of that determination by using the following as a guide:

- The amendment was developed without the requires citizen participation.
- The amendment fails to satisfy all of the required elements in the Notice.

Comments:

Recommended for approval

Recommended for disapproval

Date amendment disapproved (in part or in its entirety): [Click here to enter a date.](#)

Note: Written notification of disapproval must be communicated to the applicant in accordance with 24 CFR 91.500(c). If disapproved, provide documentation, including dates and times on incompleteness determination and discussions with grantee and headquarters.

Reviewed by: [Click here to enter text.](#)

Date: [Click here to enter a date.](#)

Program Manager: [Click here to enter text.](#)

Date: [Click here to enter a date.](#)

CPD Director: [Click here to enter text.](#)

Date: [Click here to enter a date.](#)

Appendix C

APPLICATION FOR FEDERAL ASSISTANCE

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application		2. DATE SUBMITTED	Applicant Identifier
<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: City of Moreno Valley		Organizational Unit: Department: Community & Economic Development Department	
Organizational DUNS: 177-134-186		Division: Neighborhood Preservation	
Address: Street: 14177 Frederick Street		Name and telephone number of person to be contacted on matters involving this application (give area code)	
City: Moreno Valley		Prefix: Ms.	First Name: Michele
County: Riverside		Middle Name	
State: California		Last Name Patterson	
Zip Code 92553	Suffix:		
Country: United States		Email: michelep@moval.org	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 3 3 - 0 0 7 6 4 8 4		Phone Number (give area code) 951-413-3450	Fax Number (give area code) 951-413-3459
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify)		7. TYPE OF APPLICANT: (See back of form for Application Types) C 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 and Urban Development	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): City of Moreno Valley		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: City of Moreno Valley Neighborhood Stabilization Program, 3rd Round	
13. PROPOSED PROJECT Start Date: June 1, 2011		14. CONGRESSIONAL DISTRICTS OF: a. Applicant CA 45, M. Bono-Mack	
Ending Date: June 1, 2014		b. Project CA 45	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 3,687,789 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	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
f. Program Income	\$ ⁰⁰	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
g. TOTAL	\$ 3,687,789 ⁰⁰		
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 James	Middle Name Barry	
Last Name Foster		Suffix	
b. Title Community & Economic Development Director		c. Telephone Number (give area code) 951-413-3460	
d. Signature of Authorized Representative		e. Date Signed	