

FORM APPROVED COUNTY COUNSEL
 BY: *Jhaila R. Brown*
 DATE: 4/11/14
 JHAILA R. BROWN

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

112



FROM: Economic Development Agency

SUBMITTAL DATE:
 April 10, 2014

SUBJECT: Substantial Amendment to the NSP1 2008-2009 One-Year Action Plan, All Districts, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the substantial amendment of the 2008-2009 One-Year Action Plan of the 2004-2009 Five Year Consolidated Plan, to amend one of the eligible uses of the NSP1 program to allow for redevelopment of vacant or demolished properties, or the reconstruction and redevelopment of acquired residential properties, for single family and multifamily housing developments and public facilities; and
2. Authorize the Assistant County Executive Officer/EDA, or designee, to amend the eligible uses of the NSP1 program as necessary in accordance with 24 CFR 91.105 and 91.505.

**BACKGROUND:
 Summary**

(Commences on Page 2)

Robert Field

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Neighborhood Stabilization Program 1
 Budget Adjustment: No
 For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION: APPROVE
 BY: *Rohini Dasika*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: 3.13 of 3/23/2010; 3.14 of 12/08/2009

District: All

Agenda Number:

3-9

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Substantial Amendment to the NSP1 2008-2009 One-Year Action Plan, All Districts, [\$0]

DATE: April 10, 2014

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BACKGROUND:

Summary (continued)

On September 26, 2008, the U.S. Department of Housing and Urban Development (HUD) granted the County of Riverside (County) \$48,567,786 as part of the first round of Neighborhood Stabilization Program (NSP1) funding for the purpose of stabilizing communities that have suffered from foreclosure and abandonment. This allocation of NSP1 funds was provided through HUD's Community Development Block Grant (CDBG) program under the Housing and Economic Recovery Act of 2008 for the purpose of stabilizing communities that have suffered from foreclosure and abandonment. As of February 24, 2014, the County has expended \$77,778,490; this includes the County's original allocation plus program income. To date a total of \$36,937,880 in program income has been generated, making the County one of the top performing jurisdictions in the country.

All recent activity under NSP1 has been the purchase of existing foreclosed homes for rehabilitation and resale to first time homebuyers, but due to rapidly changing conditions in the economy and housing market the inventory of eligible foreclosed homes has diminished. Therefore, staff is recommending amendment to one of the eligible uses of the NSP1 program to allow for redevelopment of vacant or demolished properties, or the reconstruction and redevelopment of acquired residential properties, for single family and multifamily housing developments and public facilities. The previous use did not include the redevelopment or reconstruction of housing units. The NSP1 regulations under Eligible Use E (Redevelopment Use E) allows for the use of NSP1 funds for this purpose.

HUD requires that all substantial amendments to the Five-Year Consolidated Plan and the One-Year Action Plan be approved by the Board of Supervisors. All new activities added to the One-Year Action Plan, as well as a significant increase in funding to an existing project or changes to the scope or nature of an existing project, will be considered substantial amendments. Pursuant to 24 CFR 91.105 and 24 CFR 91.505, the County Economic Development Agency published a 15-day public notice notifying the public of the proposed amendment to the County of Riverside 2008-2009 One-Year Action Plan of the 2004-2009 Five-Year Consolidated Plan. Prior to receiving NSP1 funds from HUD, the County was required to adopt the NSP1 program as part of the County's 2008-2009 One-Year Action plan of the 2004-2009 Five-Year Consolidated Plan. In order to amend the eligible uses of the NSP1 program, we are now required to amend the NSP1 program which is part of the 2008-2009 One-Year Action Plan.

The aforementioned amendments to the NSP1 program will benefit the County in addressing changing market conditions and allow for development of new affordable housing. Staff recommends approval of the aforementioned amendments to the NSP1 program. After the Board of Supervisors approves the amendments to the NSP1 program, the amendments will go to HUD for final approval.

County Counsel has reviewed and approved the attached action plan amendment. Staff recommends that the Board approve the amendment.

Impact of Residents and Businesses

The changes to the NSP1 program will allow the program to continue and make the program accessible to a greater number of eligible County residents. The resulting projects are expected to generate temporary construction jobs, and provide affordable housing for residents.

(Continued)

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SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the NSP1 program is funded by funds received from the U.S. Department of Housing and Urban Development. No budget adjustment is required.

Attachments:

- Attachment A – Public Notice
- Attachment B – Changes to the 2008-2009 One Year Action Plan

Attachment A
Public Notice

PUBLIC NOTICE

March 20, 2014

Riverside County Economic Development Agency
5555 Arlington Avenue
Riverside, California 92504

(951) 343-5473 Juan Garcia

TO ALL INTERESTED AGENCIES, GROUPS, AND PERSONS:

The Riverside County Economic Development Agency hereby notifies concerned members of the public, pursuant to *24 Code of Federal Regulation (CFR) 91.105 and 24 CFR 91.505*, of its intent to amend the following:

The *2008-2009 One-Year Action Plan* of the 2004-2009 Consolidated Plan by amending the eligible use of the Neighborhood Stabilization Program 1 (NSP1).

Funding for the Neighborhood Stabilization Programs are special allocations of Community Development Block Grant (CDBG) funds provided through the *Housing and Economic Recovery Act of 2008 for NSP1*.

The NSP1 program was established for the purpose of stabilizing communities that have suffered from foreclosure and abandonment, through the purchase and redevelopment of foreclosed and abandoned properties.

Up until this point the majority of the program activity under NSP1 has been the purchase of existing foreclosed homes for rehabilitation and resale to first time homebuyers, but due to rapidly changing conditions in the economy and housing market the inventory of eligible foreclosed homes has diminished. Due to these changes the County is proposing to amend one of the eligible uses of the NSP1 program to allow for new construction, redevelopment, and reconstruction of properties for homeownership and/or rental. The proposed changes to the eligible use for the NSP1 program can be reviewed online at www.rivcoeda.org or at the Housing Authority of the County of Riverside at 5555 Arlington Avenue, Riverside, California 92504, starting March 20, 2014.

It is anticipated that the Board of Supervisors will take action on the amendment at its regular meeting to be held on or about **April 22, 2014**, in the meeting room of the Board of Supervisors, Riverside County, Administrative Center, 4080 Lemon Street, Riverside, California. Any interested person wishing to comment may submit written comments to Riverside County Economic Development Agency, 5555 Arlington Ave, Riverside, CA 92504, Attention: Juan Garcia, Housing Specialist, by **April 7, 2014** or may appear and be heard at the time of approval on or about **April 22, 2014**.

COMBAT CORNER

Martirosyan hoping for a fresh start

BY GABRIEL RIZK
STAFF WRITER

Combat Corner is a weekly feature where the author interviews the week's best local fight cards and follow the exploits of homegrown boxing and mixed martial arts athletes as they compete around the globe.

Morongo Casino in Cabazon will host an eight-bout card tonight anchored by a non-event World Boxing Organization Inter-Continental light-middleweight 10-round title clash between Vanes Martirosyan and Mario Alberto Lozano.

This is a good chance to get an up-close look at a 2004 U.S. Olympian and former top prospect in the light-middleweight division at a pivotal point in his career.

Top Rank Promotions plotted Martirosyan's rise with painstaking caution, allowing him to amass a 32-fight unbeaten streak that spanned more than eight years after signing the young Armenian-American to his first pro contract in 2005.

Martirosyan rose to top-contender status in the World Boxing Council in 2011 but never did get the elusive title shot, instead being stalled through a series of eliminator bouts by the WBC over the next year.

When the last of those ended in a technical draw against Erikshid Lara in November 2012, Martirosyan fell off the WBC radar as Top Rank struggled to find a market for him.

His first world title shot against Demetrius Andrade for the vacant WBO light-middleweight title followed last November, resulting in the first loss of his pro career.

Top Rank released Martirosyan shortly after the loss, a move that also meant a parting of ways with longtime trainer Freddie Roach, but Martirosyan seems to have landed on his feet with Goossen Tutor Promotions and new trainer Joe Goossen.

The Goossen Tutor era for Martirosyan was supposed to begin with a fight against WBC Latino champ Luciano Cuello, but Cuello pulled out of the matchup, reportedly out of dissatis-

faction with the purse. Instead, Martirosyan has the 2005 world title on an unexciting journey with some knockout power who lost a unanimous decision to Charles Litaly on Nov. 7 after winning his previous nine fights. He's still on an overall solid run, with wins in 19 of his past 21 bouts, though he rarely strays far from his native Chatham, Mexico, to fight.

Still just 27, with above-average quickness and one of the better right hands in the division, Martirosyan's biggest obstacle toward getting back to the top may be proving his hunger. Unimpressive efforts against Kossim Ouna, Lara and Andrade still dog fans' perception of him, and the pressure is on for Martirosyan to string together some strong performances.

MARTIROSYAN VS. LOZANO

What: Goossen Tutor Promotions brings World Boxing Organization to Morongo. The two main events will be broadcast live on ESPN Friday Night Fights at 6 p.m.

Where: Doors open at 3:30 p.m. (today First bell at 4:30 p.m.)

Where: Morongo Casino; 49500 Seminole Drive, Cabazon

Fight card

Vanes Martirosyan (33-1, 21 KOs) vs. Mario Alberto Lozano (28-4, 22 KOs); 10 rounds; light middleweight

Anthony Peterson (32-4, 21 KOs) vs. Marco Jimenez (20-4, 18 KOs); 10 rounds; lightweight

Abel Ramos (8-0-1, 4 KOs) vs. Rodolfo Arminda (23-24, 10 KOs); 6 rounds; junior welterweight

Vatche Martirosyan (2-0, 1 KO) vs. Gustavo Lopez (0-1-1); 4 rounds; welterweight

Razvan Cojama (8-1, 4 KOs) vs. Avery Gibson (2-2-1, 1 KO); 4 rounds; heavyweight

Kevin Watts (4-0-0, 2 KOs) vs. Gofarson Ortizo (1-0); 4 rounds; welterweight

Tevin Watts (1-0-1) vs. Vicente Guzman (0-3-1); 4 rounds; welterweight

Manny de Jesus Robles Jr. (5-0, 2 KOs) vs. TBD; 4 rounds; featherweight



Light-middleweight contender Vanes Martirosyan poses with promoter Dan Goossen, left, and trainer Joe Goossen.

HIGH SCHOOL BOYS TENNIS PREVIEW



The Palm Desert High boys tennis team lets out a cheer at the end of a recent practice. The Aztecs are annually one of the top programs in the state, and this season is no different. They're ranked No. 2 in CIF-SS Division 2.

AZTECS STILL HOLD COURT

Palm Desert remains a major force on the CIF landscape.

BY GABRIEL RIZK
STAFF WRITER

As one of the top programs year in and year out in the CIF-SS, and recently the state at large, Palm Desert High has forged a legacy as the gold standard of Coachella Valley boys tennis.

A playoff team in each of coach Randy Blalock's 12 years, and many more preceding his arrival, the Aztecs have been a Division 2 finalist for the past six years and captured back-to-back titles in 2011-12.

Last year's team finished runner-up to San Marino, which also had the Aztecs' number in the semifinals of the CIF Southern California Regional tournament. Palm Desert finished as the third-ranked team in the state and looks primed to keep rolling this season.

"As far as this season, we will again dominate the Desert Valley League with seven of nine starters returning, and the two (other) slots will be filled with highly ranked SCTA freshmen," Blalock said, referring to the Southern California Tennis Association.

One of the two graduated starters was No. 1 singles player and 2013 league champion Abe Hewko, now at Boise State, but the Aztecs appear to have more than a capable successor ready to fill in atop the singles lineup.

Senior Austin Rapp, who is ranked No. 4 in Southern California and No. 32 in the nation and has committed to UCLA, is a veteran of both recent



Austin Rapp, left, the No. 1 singles player for Palm Desert, lunges for the ball during a drill at practice. In the background is Matt Leggat, the No. 2 singles player.

CIF champion squads and boasts an impressive resume that includes a doubles championship in the CIF Individuals tournament in 2012 and a runner-up singles finish last season. He lost to Hewko in the league singles final last season.

Ian Murphy, who placed third in league last year, will reprise his singles role as a senior.

The Aztecs are loaded with prominent returnees in doubles, where returning league champions, sophomore Brad Cummins and senior Cameron McDonald, will lead the way coming off a run to the quarterfinals of CIF Individuals. Senior Matt Leggat was half of last year's league runner-up tandem and will team with a new partner, Brenden Russell, in the No. 2 slot. Sophomores Connor Rapp and Sebastian Gomez are back in the No. 3 spot.

Blalock also expects freshmen Alex Kupstein and Christian Kontaxis to play a key role this season.

Palm Desert is ranked No. 2 in Division 2, right behind San Marino, in the latest CIF poll, in which Palm Springs has cracked the Top 10 at No. 11. The Indians, who finished runner-up in the Desert Valley League last season with their only two losses coming at the hands of the Aztecs, look like a good early bet to again capture the league's second automatic playoff spot.



Cameron McDonald, right, and Brad Cummins, Palm Desert's No. 1 doubles team, are the reigning league champions who advanced to the CIF quarterfinals.

In the De Anza League, Shadow Hills will look to build on last year's third-place finish behind Twentynine Palms and Yucca Valley, which resulted in an appearance in the wildcard round of the Division 5 playoffs.

CONTACT THE WRITER: grizk@pe.com

PUBLIC NOTICE
March 20, 2014

Riverside County Board of Supervisors County Administrative Center
4080 Lemon Street, 5th Floor, Riverside, California 92501
(951) 343-5473 Juan Garcia

TO ALL INTERESTED AGENCIES, GROUPS, AND PERSONS:

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Funding for the Neighborhood Stabilization Programs are special allocations of Community Development Block Grant (CDBG) funds provided through the *Housing and Economic Recovery Act of 2008 for NSP1*

The NSP1 program was established for the purpose of stabilizing communities that have suffered from foreclosure and abandonment, through the purchase and redevelopment of foreclosed and abandoned properties

Up until this point the majority of the program activity under NSP1 has been the purchase of existing foreclosed homes for rehabilitation and resale to first time homebuyers, but due to rapidly changing conditions in the economy and housing market the inventory of eligible foreclosed homes has diminished. Due to these changes the County is proposing to amend one of the eligible uses of the NSP1 program to allow for new construction, redevelopment, and reconstruction of properties for homeownership and/or rental. The proposed changes to the eligible use for the NSP1 program can be reviewed online at www.riverside.org or at the Housing Authority of the County of Riverside, 5555 Arlington Avenue, Riverside, California 92504 starting March 20, 2014.

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Eagles savoring postseason flight

BY GABRIEL RIZK
STAFF WRITER

Desert Chapel's historic boys basketball season reached its conclusion with a 94-68 loss to host San Gabriel Academy in the second round of the CIF Division 5 Southern California Regionals on Saturday at Jefferson Middle School in San Gabriel.

And like most things, good or bad, that have crisscrossed the Eagles' path during their memorable odyssey, the team took it in stride and with a broad sense of perspective.

"When I got there three years ago, our goal was to make the playoffs and make it past a game, and we did it," said Eagles coach Alberto Alvarez. "The following year, it was to make a push for a CIF title, and we went to the semis. This year, it was to win CIF, and we got to the finals. You always try to have goals, but

to actually be there, it was surreal, and then to have the media attention and the aftermath was just icing on the cake."

Desert Chapel won a program-best 24 games, made its second appearance in the CIF-SS Division 5 finals – and first in 10 years – and also achieved its first-ever regional playoff win when it beat Escondido Adventist in the first round March 12.

As the last area playoff team standing from the winter season, Desert Chapel represented the Coachella Valley well against three counties – Orange to San Diego and back up to Los Angeles – as well as on a national stage.

Following their loss to Trinity Classical in the Division 6 title game, the Eagles noticed autistic player Beau Howell check into the game this year, it was to win CIF, and we got to the finals. You always try to have goals, but

his first cover. The feel-good story traveled far and wide, even being picked up by ABC News and Fox Sports.

"We didn't think we were going to get this much national media coverage," Alvarez said. "It's unbelievable how we went from having golden beat (in the CIF finals) to go and play Escondido, knowing that they won their section and we beat them."

Up next was Division 5-AA champion San Gabriel, with three players 6-foot-6 or taller, as well as Division 1 college prospect and YouTube sensation, point guard Marquis LaVett Jr. "The good thing about it was because all those kids from San Gabriel were there, La Sierra University from Riverside (had a scout) here, and he wants (Eagles player) Taner (Alvarez) and Jalad (Hiles) to come work out for them," Alvarez said.

Attachment B

Changes to the 2008-2009 One Year Action Plan



COUNTY OF RIVERSIDE

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT TO THE 2008-2009 ONE YEAR ACTION PLAN DECEMBER 1, 2008

Jurisdiction(s): County of Riverside (Urban County Program)	NSP Contact Person: Heidi Marshall 3403 10th Street, Suite 500 Riverside, CA 92501 951-343-5409 951-955-3426 Email: hmarshall@rivcoeda.org
Jurisdiction Web Address: www.countyofriverside.us www.rivcoeda.org	

INTRODUCTION:

On September 26, 2008, the U.S. Department of Housing and Urban Development (HUD) announced that the County of Riverside would receive \$48,567,786 as part of the Neighborhood Stabilization Program (NSP). This allocation will be provided through HUD's Community Development Block Grant (CDBG) program under the *Housing and Economic Recovery Act of 2008*. These targeted funds will be used to acquire foreclosed homes; demolish or rehabilitate abandoned properties; and/or to offer purchase price assistance and closing cost assistance to low to moderate-income homebuyers.

In order to receive the NSP funding, the County is required to process a Substantial Amendment to the 2008-2009 One Year Action Plan of the 2004-2009 Consolidated Plan, effectively adding the NSP to the 2008-2009 CDBG allocation. Therefore, the County has prepared this Substantial Amendment for the NSP allocation.

A. AREAS OF GREATEST NEED

As of October 21, 2008, there were more than 29,107 foreclosed properties (REOs) in the entire County of Riverside – nearly 3.8% of all housing units. When the “pre-foreclosure” and “units at auction” are included, the number of impacted housing units is nearly 52,000, or 7.0% of all housing units. The County’s NSP allocation is the third-highest (non-State) allocation in the Country, and the Riverside-San Bernardino MSA is the fourth most impacted region in the nation.

The foreclosure impact within the County’s CDBG program jurisdiction is just as severe and devastating. The County’s current CDBG program includes the unincorporated areas (including the recently incorporated cities of Wildomar and Menifee) and fourteen (14) participating cities: Banning, Beaumont, Blythe, Canyon Lake, Cathedral City, Desert Hot Springs, Indio, Lake Elsinore, La Quinta, Murrieta, Norco, Perris, San Jacinto, Temecula. On October 21, 2008, the total number of REO properties within the County’s program area was 18,004 (10,508 within the 14 participating cities and 7,486 within the unincorporated areas). The 18,004 units represent 4.1% of the total housing stock within the County’s program area. When the “pre-foreclosure” and “units at auction” are considered, the number of impacted housing units in the County’s program area is 32,118, or 7.3% of all housing units. **(Note: Housing data based upon RealtyTrac and California Department of Finance reports)**

Targeting Areas of Greatest Need

The number and concentration of foreclosed units varies throughout the County’s CDBG/NSP program area. There are pockets of heavy concentrations within several participating cities and semi-urban unincorporated areas. In addition, there are several rural areas and remote mountain communities with a number of foreclosed units spread over a larger area.

The County has determined that the most effective and appropriate method to identify and target the areas with the greatest need and most impacted by the foreclosure crisis is a correlation between actual foreclosed units (using an established local data source) and HUD’s *Foreclosure and Abandonment Risk Score* data.

As noted above, the County is using *RealtyTrac* data to map the actual foreclosed units. The HUD Risk Scores are indicated by 2000 U.S. Census block groups and do not necessarily correspond to other boundaries. In the populated urban areas, the census block groups are smaller, and therefore more numerous; conversely, block groups in rural areas are much larger, yet they contain fewer people and fewer foreclosures. The HUD *Foreclosure and Abandonment Risk Score* data for the County’s program area is available upon request.

HUD’s Risk Scores are based upon the following factors:

- Area unemployment rate;
- Area average housing sales price decline (since the peak of the market);
- High cost loan rate (mortgages with interest-only payment options, stated income mortgages, mortgages with high loan to ratios, etc.);
- The predicted 18 month underlying foreclosure rate; and
- Housing units that have been vacant for at least 90 days.

After thorough review and analysis of the available foreclosure data and HUD Risk Scores, the County has identified and selected the targeted areas of greatest needs (NSP Target Areas) for the County NSP. There are a total of twenty-three (23) NSP Target Areas, and all NSP assistance will be limited to these target areas.

The primary criteria used to select these target areas were:

1. Concentration of actual foreclosed units;
2. HUD risk scores of no less than 7; and
3. Areas most suitable for targeted and focused NSP assistance.

The table below provides basic information for each NSP Target Area. The information includes target area name, Supervisorial District, total area, corresponding HUD Risk Score, and the NSP map number.

TARGET AREA NAME	DISTRICT	AREA (SQ MILES)	US CENSUS BLOCK GROUPS	HUD RISK SCORES	NSP MAP NUMBER
Lakeland Village/Wildomar	1	10.48	See attachments	8,9	I - 1
Lake Elsinore	1	30.33	See attachments	7,8,9	I - 2
Temescal Canyon	1	33.1	See attachments	8	I - 3
Eastvale	2	24.14	See attachments	8	II - 1
Home Gardens	1,2	1.04	See attachments	8,9,10	II - 2
Norco	2	10.59	See attachments	7,8	II - 3
Rubidoux	2	12.03	See attachments	7,8,9	II - 4
Canyon Lake	3	5.95	See attachments	8,9	III - 1
East Hemet	3	3.43	See attachments	8,9	III - 2
French Valley	3	54.63	See attachments	8	III - 3
Menifee	3	67.29	See attachments	8,9	III - 4
Murrieta	3	25.36	See attachments	7,8	III - 5
San Jacinto	3	20.62	See attachments	8,9	III - 6
Temecula	3	19.50	See attachments	7,8	III - 7
Blythe	4	5.48	See attachments	9	IV - 1
Cathedral City	4	7.79	See attachments	7,8,9	IV - 2
Indio	4	15.93	See attachments	7,8,9	IV - 3
Thousand Palms	4	71.63	See attachments	9,10	IV - 4
Banning	5	13.00	See attachments	8,9,10	V - 1
Beaumont	5	8.86	See attachments	8,9	V - 2
Desert Hot Springs	5	23.57	See attachments	10	V - 3
Highgrove	5	1.53	See attachments	9	V - 4
Perris	5	11.78	See attachments	8,9	V - 5

Upon review of the table, the following should be noted:

1. All five supervisorial district have NSP Target Areas;
2. Target areas are located in unincorporated areas and thirteen cooperating cities;
3. 22 out of 23 (96%) of the target areas comprise block groups with HUD Risk scores of 8 or higher;
4. 12 out of 23 (51%) target areas comprise block groups with HUD Risk Scores of 9 or higher;
5. The NSP Target Areas comprise 478.06 square miles or 6.99% of the County's total CDBG program area; and

Attachment A to this NSP Substantial Amendment contains maps that provide visual representations of the County's NSP Target Areas. The maps indicate the fixed boundaries of the target areas, concentrations of foreclosed units, and HUD Risk Scores. In addition, each map identifies political boundaries, major roads and highways, and contains a legend identifying the types of foreclosed properties. Attachment E provides Census Block Group data for the twenty-three (23) designated NSP Target Areas.

Given the significant size of the County of Riverside, and the large amount of NSP funds, the County has determined that designating twenty-three target areas is appropriate and equitable. Further, these limited target areas will allow for the focused investment of NSP funds in neighborhoods that have been most impacted by the foreclosure crisis.

B. DISTRIBUTION AND USES OF FUNDS

B.1. Distribution of NSP Funds

The County of Riverside will distribute the NSP funds by targeting areas with the "greatest need" within the NSP Program Area in accordance with the requirements of Section 2301(c)(2) of *Housing and Economic Recovery Act of 2008*. The County will comply with the "greatest need" targeting requirements by prioritizing the distribution and use of NSP funds to those neighborhoods and communities with the:

- Highest percentages of home foreclosures;
- Highest percentages of homes financed by sub-prime mortgage related loans; and
- Areas most likely to experience a significant rise in the rate of home foreclosure (predicted 18 month underlying problem foreclosure rate).

These targeted areas of greatest need are identified in Section A. The County has determined that the most effective and appropriate method to identify and target areas with the greatest need is by correlating the actual foreclosed unit data with HUD's *Foreclosure and Abandonment Risk Score* data. The HUD Risk Score incorporates the sub-prime mortgage related loan data and the areas most likely to experience significant increase in foreclosure rate data. This correlated data is

presented in the various NSP maps found in Attachment A. However, the NSP maps provide adequate detail to identify and target impacted areas.

In summary, NSP funds are being made available to specific targeted neighborhoods in all five supervisorial districts – in both unincorporated areas and thirteen cooperating cities.

B.2. Uses of NSP Funding

NSP funds will be used in four (4) primary activities, plus administration:

1. Acquisition, rehabilitation, and resale to first-time homebuyers - \$20,000,000;
2. Acquisition, rehabilitation, and rental, to very-low income persons - \$1,855,000;
3. Enhanced First-Time Home Buyer Program - \$9,700,000;
4. Acquisition and rehabilitation of foreclosed, vacant multi-family properties, new construction of multi-family rental projects - \$12,157,000; and
5. Redevelopment **and reconstruction** of vacant or demolished properties for **residential uses and non-residential uses** including public facilities, commercial uses, or mixed residential and commercial uses. No specific amount of NSP funds have been allocated to this use at this time.
6. NSP program administration: administration costs will not exceed ten-percent (10%) of the NSP grant and ten-percent (10%) of program income - \$4,855,786.

NSP 1 ACQUISITION, REHABILITATION, AND RESALE TO FIRST-TIME HOMEBUYERS

The County of Riverside will acquire and rehabilitate foreclosed, or abandoned (for at least 90 days) single family homes and sell them to income-eligible first-time homebuyers. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. The final sales price will not exceed the cost of acquisition, rehabilitation, and resale. Acquisitions will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller. The acquisition and rehabilitation will be funded with NSP funds.

DISPOSITION OF NSP 1 ASSISTED PROPERTIES

This newly created activity is to capture and group all resale properties that are part of the NSP1 activity. The homes acquired by the County of its various partners will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed

seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

The County proposes to allocate a total of **\$20,000,000** of NSP funds to the combined activities including: acquisition, rehabilitation, and resale to first time homebuyers.

NSP 2 ACQUISITION, REHABILITATION, AND RENTAL OF AFFORDABLE UNITS

The County of Riverside may acquire and rehabilitate foreclosed, abandoned (for at least 90 days) single family homes and rent them to households earning not more than 120% of the County area median income (See Attachment C). The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. Acquisitions will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller.

The full acquisition and rehabilitation may be funded with NSP funds. The County proposes to allocate a total of **\$1,855,000** of NSP funds to the combined activities including acquisition, rehabilitation, and rental of affordable units.

NSP 3 ENHANCED FIRST TIME HOME BUYER PROGRAM

The County of Riverside will offer a financing mechanism to eligible first-time home buyers to enable them to directly acquire foreclosed or abandoned single family homes using NSP funds.

The *Enhanced First Time Home Buyer Program* provides purchase price assistance to low and moderate-income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of the area median income as published by HUD (**See Attachment C**). The Enhanced FTHB Program provides 20% of the purchase price with a 15-year affordability period as a “silent second” loan plus a rehabilitation component to enhance the physical appearance of the home and remove all health and safety concerns to satisfy the Housing Quality Standards (HQS). The total amount of assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab).

A variety of media will be used to inform the public and potential homebuyers of the homebuyer assistance program including the website: www.rhomelink.com. Brochures in English and Spanish will be distributed to businesses, schools, and other public areas. The County will

partner with community organizations, employment centers, fair housing groups, lenders, and housing counseling agencies which will be in the forefront of disseminating information about the Enhanced FTHB program.

The purchase price assistance and rehabilitation costs will be funded with NSP funds. The County proposes to allocate **\$9,700,000** of NSP funds to this activity.

NSP 4 ACQUISITION AND REHABILITATION OF FORECLOSED AND VACANT MULTI-FAMILY PROPERTIES, OR THE CONSTRUCTION OF NEW MULTI-FAMILY RENTAL PROJECTS

The County of Riverside will meet its requirement to expend at least twenty-five (25%) of the NSP allocation on projects that provide affordable housing to the persons and families earning less than 50% area median income (**See Attachment C**). The County will partner with various public, for-profit, and non-profit private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

All designated NSP units will be reserved and affordable to households earning less than fifty percent (50%) of the area median income. The County will require and monitor a regulatory agreement to ensure an affordability period of at least fifty-five (55) years.

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. The County proposes to allocate **\$12,157,000** of NSP funds to this activity.

NSP 5 REDEVELOPMENT OF VACANT OR DEMOLISHED PROPERTIES, OR THE RECONSTRUCTION AND REDEVELOPMENT OF ACQUIRED AND DEMOLISHED RESIDENTIAL PROPERTIES FOR NON-ELIGIBLE SINGLE FAMILY AND MULTI-FAMILY HOUSING PROJECTS AND PUBLIC FACILITES.

The County will partner with various public, for –profit, and non-profit private development organizations to provide for the reconstruction, redevelopment or new construction of affordable single family, multi-family housing projects, and public facilities. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

NSP funds will be eligible for use in any aspect of development including land acquisition, demolition, soft development costs, and hard construction costs.

The County will consider proposals to use NSP funds for eligible costs associated with activities under this category. NSP funds will be limited to projects providing eligible housing projects or public facilities in the NSP Target Areas. Public facilities would include health clinics,

community center and parks, as well as facilities for childcare, seniors, job training, neighborhoods, and other eligible public facilities.

As noted above, no NSP funds have been allocated to this activity under this Substantial Amendment. However, if specific projects under this category are approved by the County, sufficient NSP funds will be reprogrammed from NSP activities 1-3.

NSP 6 ADMINISTRATION

The County will allocate not more than 10% of the NSP grant to the administration of the above stated programs and projects. The County proposes to allocate **\$4,855,786** of NSP funds to this activity.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

The County of Riverside defines blight consistent with the *California Health and Safety Code* definition of a blighted structure as:

California Health and Safety Code Section 33030

It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of health, safety, and general welfare of the people of these communities and of the state.

A blighted area is one that contains BOTH of the following:

- a. An area that is predominately urbanized, as the term is defined in section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.
- b. An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer facilities

California Health and Safety Code Section 33031

This subdivision describes physical conditions that cause blight:

- a. Buildings which are unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- b. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. This condition may be caused by buildings of a substandard, defective or obsolete design or construction given the present general plan, zoning or other development standards.
- c. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- d. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given the present general plan, and zoning standards and present market conditions

This subdivision describes economic conditions that cause blight:

- a. Depreciated or stagnant property values.
- b. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).
- c. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- d. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- e. Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of regulations.
- f. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.
- g. A high crime rate that constitutes a serious threat to the public safety and welfare.

(2) Definition of "affordable rents

The County of Riverside defines affordable rents consistent with the *California Health and Safety Code* definition of affordable rents as:

California Health and Safety Code Section 50053

- (a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent" with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.
- (b) For any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent," including a reasonable utility allowance, shall not exceed:
 - i. For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.
 - ii. For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
 - iii. For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
 - iv. For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(3) Continued affordability for NSP assisted housing.

For homebuyers, the County of Riverside will adopt the affordability periods required in the HOME regulations defined in 24 CFR Part 92. The County will record a regulatory agreement against title to the property requiring owner-occupancy by an initially determined first time home buyer earning not more than 120% of the area median income. This affordability period will be allowed to terminate where homeowner repays the loan upon transfer, sale or refinancing of the home.

For single-family rental units, the County of Riverside will adopt the affordability periods required in the HOME regulations defined in 24 CFR Part 92. The County will record a

regulatory agreement against title to the property requiring affordable rents to the very low-income population or those households earning not more than 50% of the area median income.

For multi-family rental units, the County of Riverside will require rents affordable to the very low-income population or those households earning not more than 50% of the area median income for a minimum period of fifty-five (55) years. The County will record a regulatory agreement against title to the property requiring property management and maintenance in addition to affordable rents for the term of the regulatory agreement.

(4) Housing rehabilitation standards that will apply to NSP assisted activities.

The County of Riverside will adopt the HUD defined *Housing Quality Standards* (HQS) as its standard for rehabilitation.

D. LOW-INCOME TARGETING

The County's total NSP allocation is \$48,567,786. The County will allocate at least 25%, or \$12,157,000, for housing activities that benefit individuals and families whose incomes do not exceed 50% of the area median income (**See Attachment C**).

The County will utilize the 25% set-aside for very-low income persons through activity **NSP 4** (described in Section B.2). Where feasible and appropriate, the County will assist very-low income families through other NSP activities such as the Enhanced First-Time Homebuyer Program

E. ACQUISITIONS & RELOCATION

All activities below are anticipated to be initiated upon the release of NSP funds. All funds will be initially committed within eighteen (18) months. Several of these activities anticipate the receipt of program income which will continue to be used within the NSP guidelines until the program ends (estimated July 2013).

- a. **No conversions are anticipated.** As indicated in Section B above, a small number of units may be acquired and demolished. The County does not anticipate any of these units to have affordability covenants; however, some of these may have been occupied and/or owned by low- and moderate-income households. The number of units in this category should not exceed eight (8).
- b. **The number of NSP affordable housing units made available to low-, moderate-, and middle-income households reasonably expected to be produced by the various activities are as follows:**

- i. **Acquisition/Rehabilitation/Resale to First-Time Homebuyer:** With an allocation of \$20,000,000 of NSP allocated and expended for this activity, the County anticipates **150 units** being made available to households with incomes at 51% to 120% of the area median income.

The amount of final NSP assistance per unit will depend upon purchase price of units, rehabilitation costs, disposable income of purchaser (affordability), and the availability of private and other non-NSP financing. It is anticipated that most units will be sold to households earning between 75% and 120% of the area median income.

In the event that other private and non-NSP funds are limited, the County may have to finance all or a larger portion of the sale of a unit. This will result in a significantly lower number of units being made available.

- ii. **Acquisition/rehabilitation/rental:** With an allocation of \$1,855,000 for this activity, the County anticipates up to **ten (10) units** being acquired, rehabilitated, and made available to rent to households earning less than 120% of the area median income. The amount of final NSP assistance per unit will depend upon purchase price of units and final rehabilitation costs.
 - iii. **Enhanced First-Time Homebuyer:** With an allocation of \$9,700,000, the County anticipates that up to **190 units** will be made available to households with incomes at 51% to 120% of the area median income. The amount of final NSP assistance per unit will depend upon purchase price of units, rehabilitation costs, disposable income of purchaser (affordability), and the availability of private and other non-NSP financing. It is anticipated that most units will be sold to households earning between 75% and 120% of the area median income.
- c. **The number of dwelling units anticipated to be made available to households at or below 50% AMI:** The number of units to be made available to households earning less than fifty-percent (50%) AMI will be dependent upon the amount of leveraging that the ~~non-profit~~ affordable housing partners can produce, as well as acquisition and rehabilitation costs. The County anticipates that **40-120 units** will be made available for this income category.

The County of Riverside does not intend to demolish or convert any existing low or moderate-income dwelling units.

F. SUMMARY OF PUBLIC COMMENTS – CITIZEN PARTICIPATION

On October 25, 2008, the Riverside County Board of Supervisors directed the Economic Development Agency to develop and prepare the Draft Substantial Amendment for the County's NSP allocation. On November 10, 2008, the Draft NSP Substantial Amendment was placed on Economic Development Agency's website (www.rivcoeda.org), with a link on the County's main website (www.countyofriverside.us). Printed versions of the draft NSP plan were made

available at the following locations:

Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501

Workforce Development Center
44-199 Monroe Street
Indio, CA 92201

On November 11, 2008, the County published a Public Notice in the *Press Enterprise* (a publication of general circulation) informing the public of the availability of the Draft NSP Substantial Amendment for public comment and review until 5:00 PM, on November 26, 2008.

In summary, the public was provided a sixteen (16) day comment period for the draft NSP substantial amendment. The County received three (3) comments (two written, one verbal) regarding the draft NSP plan during the comment period. A summary of these comments can be found in **Attachment D** of this document.

G. NSP ACTIVITY INFORMATION

(1) Activity Name: **(NSP 1) Acquisition, Rehabilitation, and Resale to First-Time Homebuyers \$20,000,000**

(2) Activity Type:

NSP eligible use:

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell to eligible buyers through a First Time Homebuyer Program

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income), by the sale of rehabilitated homes to households earning not more than 120% of the area median income (**See Attachment C**).

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: The County of Riverside will acquire and rehabilitate foreclosed or abandoned single family homes and sell them to income-eligible first-time homebuyers. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. The final sales price will not exceed the cost of acquisition, rehabilitation, and resale. All individual acquisitions will be at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. The minimum average discount for the entire NSP portfolio will be at least 1% below the current market appraised values. Homes may be purchased in bulk from a single seller. The acquisition and rehabilitation will be funded with NSP funds.

Disposition of NSP1 Assisted Properties:

The homes acquired by the County of its various partners will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. This newly created activity is to capture and group all resale properties that are part of the NSP1 activity. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

Acquisition/Rehabilitation:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give

priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within sixty (60) days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1%-15% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Resale:

- a. Sales Price. The final sales price will be no greater than the initial acquisition and rehabilitation costs. NSP regulations direct that, if an abandoned or foreclosed-upon

home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.) Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).

- b. Income Restrictions. Low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.
 - c. Terms of Affordability. Homes shall be affordable for a minimum of fifteen (15) years.
 - d. Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.
- (9) Total Budget: The full acquisition, rehabilitation, and resale may be funded with NSP funds. The County proposes to allocate a total of **\$20,000,000** of NSP funds to the activities including: Acquisition, rehabilitation and resale to first time homebuyers.
- (10) Performance Measures At least **150 units** of housing will be acquired, rehabilitated, and resold to households earning not more than 120% of the area median income.

(1) Activity Name: **(NSP 2) Acquisition, Rehabilitation, and Rental of Affordable Units \$1,855,000**

(2) Activity Type:

NSP eligible use:

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to rent/lease to qualified 120% AMI families.

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income), by rental of rehabilitated homes to households earning not more than 120% of the area median income (See Attachment C).

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: The County of Riverside will acquire and rehabilitate foreclosed, abandoned single family homes and rent them to households earning not more than fifty percent (50%) of the County area median income. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside.

Acquisition/Rehabilitation:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Under the Rebuild 2009 Program, rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally

assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Rent:

- a. Affordable Rents. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (4) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services (excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.
- b. Income Restrictions. Program will be limited to households whose incomes do not exceed 120% area median income, adjusted by family size at the time of occupancy, for the County of Riverside. The County will prioritize rental housing under this activity for households earning less than fifty percent (50%) area median income.
- c. Terms of Affordability. HOME program standards at 24 CFR 92.252(e) provides that the length of the affordability period per existing housing unit shall remain affordable for a minimum of fifteen (15) years.

(9) Total Budget: The full acquisition, rehabilitation, and rental may be funded with NSP funds. The County proposes to allocate a total of **\$1,855,000** of NSP funds to the combined activities including: Acquisition, rehabilitation, and rental of affordable units.

(10) Performance Measures Approximately **ten (10) units** of housing will be acquired, rehabilitated, and rented to households earning not more than 120% of the area median income. Priority will be given to households earning less than fifty-percent (50%) of are median income.

(1) Activity Name: **(NSP 3) Enhanced First-Time Home Buyer Program**
\$9,700,000

(2) Activity Type:

NSP eligible use:

Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers

CDBG eligible activity:

24 CFR 570.201 (n) direct homeownership assistance

(3) National Objective: Funds will meet the national objective of benefiting low, moderate and middle-income persons, as defined by NSP regulations (120% of area median income), by providing direct homeownership assistance to households earning not more than 120% of the area median income.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The project end date is July 30, 2013.

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description:

The County of Riverside will offer a financing mechanism to eligible first time home buyers in their effort to directly acquire foreclosed, abandoned single family homes.

The Enhanced First Time Home Buyer Program provides purchase price assistance to low and moderate-income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of the area median income as published by HUD. The Enhanced FTHB Program provides 20% of the purchase price with a 15-year affordability period as 0%, "silent second" loan plus a rehabilitation component to enhance the physical appearance of the home and remove all health

and safety concerns as listed in the Housing Quality Standards (HQS). The total amount of assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab).

A variety of media will be used to inform the public and potential homebuyers of the homebuyer assistance program. Brochures in English and Spanish will be distributed to businesses, schools, and other public areas. The County will partner with community organizations, employment centers, fair housing groups, lenders, and housing counseling agencies which will be in the forefront of disseminating information about the Enhanced FTHB program.

The purchase price assistance and rehabilitation costs will be funded with NSP funds.

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may require minimal rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The County will require that all homes be vacant for a minimum period of ninety (90) days prior the purchase offer in an effort to avoid displacement and relocation. Under this activity, the County will not directly acquire or demolish properties.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Home acquisitions funded with this activity may also receive an assistance to repair or rehabilitate the otherwise blighted conditions. NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with Housing Quality Standards.

Labor Standards: Federal Labor Standards and Davis Bacon wages will not be required by this activity.

Income Restrictions. Homebuyer must be low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.

Terms of Affordability. Homes shall be affordable for a minimum of fifteen (15) years.

Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. The homebuyer will obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.

(9) Total Budget: The purchase price assistance and rehabilitation may be funded with NSP funds. The County proposes to allocate **\$9,700,000** of NSP funds to this activity.

(10) Performance Measures: Approximately **190 units** of housing will be acquired and / or rehabilitated by households earning not more than 120% of the area median.

(1) Activity Name: **(NSP 4) Acquisition and Rehabilitation of Foreclosed, Vacant Properties, or New Construction of Multi-Family Rental Projects \$12,157,000**

(2) Activity Type:

NSP eligible use:

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.

Redevelop demolished or vacant properties

Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting very low income persons, as defined by NSP regulations (50% of area median income), by providing rental housing households earning not more than 50% of the area median income.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The project end date is July 30, 2013.

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description:

The County of Riverside will meet its requirement to set aside at least twenty-five percent (25%) of the NSP allocation to provide affordable housing to the population earning less than fifty percent (50%) area median income. The County will partner with various public and private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

All designated NSP units will be reserved and affordable to households earning less than 50% of the area median income. The County will require and monitor a regulatory agreement ensure an affordability period of at least fifty-five (55) years.

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs.

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied residential properties, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods. Vacant or demolished will also be included in the definition of blight.

Eligible Properties. Blighted multi-family residential that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. Vacant or demolished properties will also be eligible to the extent that those properties or developed as affordable, multi-family, rental projects.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to

comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to construct or redevelop properties. Construction or rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Affordable Rents. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (2) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services (excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.

Income Restrictions. Very low income households whose incomes are at or below 50% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.

Terms of Affordability. The length of the affordability period shall be for minimum period of fifty-five (55) years.

(9) Total Budget:

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. The County proposes to allocate **\$12,157,000** of NSP funds to this activity.

(10) Performance Measures:

Approximately **120 units** of housing will be produced and made available and affordable to households earning not more than 50% of the area median income.

(1) Activity Name: **(NSP 5) Redevelopment of vacant or demolished properties, or the reconstruction and redevelopment of**

acquired or demolished residential properties, for eligible single family, multifamily housing projects and public facilities.

(2) Activity Type:

NSP eligible use:

The County will partner with various public, for-profit, and non-profit private development organizations to provide for the redevelopment, reconstruction, or new construction of affordable single family, multifamily housing projects and public facilities. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

NSP funds will be eligible for use in any aspect of development including land acquisition, demolition, soft development costs, and hard construction costs.

CDBG eligible activity:

24 CFR 570.201 (a) acquisition, (b) disposition, and (c) demolition (d) soft and hard development costs (e) public facilities

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income). Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

Suzanne Holland - Sholland@rivcoeda.org
John Thurman - jthurman@rivcoeda.org
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.955.8916

Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: (a) The County of Riverside will acquire and reconstruct ~~rehabilitate~~ foreclosed or abandoned single family homes that are blighted. The County will demolish and/or redevelop these properties for eligible residential uses and public facilities; (b) The County will redevelop demolished or vacant properties for eligible residential uses and public facilities.

All rental projects developed under this eligible use will require a regulatory agreement to ensure an affordability period of at least fifty-five (55) years.

All acquisitions, if applicable, will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller.

Disposition of NSP5 Assisted Properties:

The homes assisted under this eligible use will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

Acquisition/Reconstruction/Redevelopment:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require reconstruction ~~rehabilitation~~ to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. (1) Blighted single-family homes that have been foreclosed upon and certified as vacant for a period of 90 days, and certified as non-suitable for reconstruction ~~rehabilitation~~. (2) vacant or blighted non-residential properties acquired without NSP funds. (3) Vacant land or demolished properties. All properties must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the

appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value. The NSP purchase price discount requirement does not apply to vacant undeveloped land.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted reconstruction rehabilitation or redevelopment of a foreclosed-upon home or residential property, or other vacant or blighted property, shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The reconstruction rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the reconstruction rehabilitation of housing that includes eight (8) or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Affordable Rents for Rental Developments. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (2) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services (excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.

Income Restrictions for Rental Developments. Low income households whose incomes are at or below 80% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside. Where feasible and appropriate, the County will assist very-low income

households earning no more than 50% of the area median income, as defined by NSP regulations.

Terms of Affordability for Rental Developments. The length of the affordability period shall be for minimum period of fifty-five (55) years.

Resale: Not applicable for NSP-funded public facilities

Resale of single family homes:

- a. Sales Price. The final sales price will be no greater than the initial acquisition and reconstruction costs. NSP regulations direct that, if an abandoned or foreclosed-upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or reconstruction such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or reconstruction costs.) Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, reconstruction, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).
 - b. Income Restrictions. Low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside. Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.
 - c. Terms of Affordability. All housing developed for homeownership the affordability period will be a minimum of fifteen (15) years.
 - d. Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.
- (9) Total Budget: At this time, the County has not allocated any NSP funds to this activity. The acquisition, redevelopment, reconstruction, or new construction of eligible residential uses and public facilities may be funded with NSP funds if approved by the County.
- (10) Performance Measures Approximately **three (3) housing project's and public facilities** will be constructed to serve a households earning not more than 120% of the area median income or LMMI area with a HUD Risk Score of seven (7) or higher. Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.

(1) Activity Name: **(NSP 6) Administration \$4,855,786**

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

NSP – General Administration and Planning Activities
24 CFR 570.205 and 206.

(3) National Objective: Not applicable to NSP Administrative activities

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: Continued grant administration through June 2013.

(6) Responsible Organization:

County of Riverside Economic Development Agency

Suzanne Holland sholland@rivcoeda.org
John Thurman jthurman@rivcoeda.org

Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.955.8916
Fax: 951.955.6686

(7) Location Description: N/A

(8) Activity Description: This activity is grant administration which includes, but is not limited to, the following activities: general management, oversight, coordination, public information, reporting, evaluation, and indirect costs.

(9) Total Budget: Ten-percent (10%) of the NSP grant (\$4,855,786) and ten-percent (10%) of Program Income.

(10) Performance Measures: Performance measures not applicable to NSP administrative activities.



COUNTY OF RIVERSIDE

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT TO THE 2008-2009 ONE YEAR ACTION PLAN DECEMBER 1, 2008

<p>Jurisdiction(s): County of Riverside (Urban County Program)</p> <p>Jurisdiction Web Address:</p> <p>www.countyofriverside.us www.rivcoeda.org</p>	<p>NSP Contact Person: Heidi Marshall 3403 10th Street, Suite 500 Riverside, CA 92501 951-343-5409 951-955-3426 Email: hmarshall@rivcoeda.org</p>
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INTRODUCTION:

On September 26, 2008, the U.S. Department of Housing and Urban Development (HUD) announced that the County of Riverside would receive \$48,567,786 as part of the Neighborhood Stabilization Program (NSP). This allocation will be provided through HUD's Community Development Block Grant (CDBG) program under the *Housing and Economic Recovery Act of 2008*. These targeted funds will be used to acquire foreclosed homes; demolish or rehabilitate abandoned properties; and/or to offer purchase price assistance and closing cost assistance to low to moderate-income homebuyers.

In order to receive the NSP funding, the County is required to process a Substantial Amendment to the 2008-2009 One Year Action Plan of the 2004-2009 Consolidated Plan, effectively adding the NSP to the 2008-2009 CDBG allocation. Therefore, the County has prepared this Substantial Amendment for the NSP allocation.

A. AREAS OF GREATEST NEED

As of October 21, 2008, there were more than 29,107 foreclosed properties (REOs) in the entire County of Riverside – nearly 3.8% of all housing units. When the “pre-foreclosure” and “units at auction” are included, the number of impacted housing units is nearly 52,000, or 7.0% of all housing units. The County’s NSP allocation is the third-highest (non-State) allocation in the Country, and the Riverside-San Bernardino MSA is the fourth most impacted region in the nation.

The foreclosure impact within the County’s CDBG program jurisdiction is just as severe and devastating. The County’s current CDBG program includes the unincorporated areas (including the recently incorporated cities of Wildomar and Menifee) and fourteen (14) participating cities: Banning, Beaumont, Blythe, Canyon Lake, Cathedral City, Desert Hot Springs, Indio, Lake Elsinore, La Quinta, Murrieta, Norco, Perris, San Jacinto, Temecula. On October 21, 2008, the total number of REO properties within the County’s program area was 18,004 (10,508 within the 14 participating cities and 7,486 within the unincorporated areas). The 18,004 units represent 4.1% of the total housing stock within the County’s program area. When the “pre-foreclosure” and “units at auction” are considered, the number of impacted housing units in the County’s program area is 32,118, or 7.3% of all housing units. **(Note: Housing data based upon *RealtyTrac* and California Department of Finance reports)**

Targeting Areas of Greatest Need

The number and concentration of foreclosed units varies throughout the County’s CDBG/NSP program area. There are pockets of heavy concentrations within several participating cities and semi-urban unincorporated areas. In addition, there are several rural areas and remote mountain communities with a number of foreclosed units spread over a larger area.

The County has determined that the most effective and appropriate method to identify and target the areas with the greatest need and most impacted by the foreclosure crisis is a correlation between actual foreclosed units (using an established local data source) and HUD’s *Foreclosure and Abandonment Risk Score* data.

As noted above, the County is using *RealtyTrac* data to map the actual foreclosed units. The HUD Risk Scores are indicated by 2000 U.S. Census block groups and do not necessarily correspond to other boundaries. In the populated urban areas, the census block groups are smaller, and therefore more numerous; conversely, block groups in rural areas are much larger, yet they contain fewer people and fewer foreclosures. The HUD *Foreclosure and Abandonment Risk Score* data for the County’s program area is available upon request.

HUD’s Risk Scores are based upon the following factors:

- Area unemployment rate;
- Area average housing sales price decline (since the peak of the market);
- High cost loan rate (mortgages with interest-only payment options, stated income mortgages, mortgages with high loan to ratios, etc.);
- The predicted 18 month underlying foreclosure rate; and
- Housing units that have been vacant for at least 90 days.

After thorough review and analysis of the available foreclosure data and HUD Risk Scores, the County has identified and selected the targeted areas of greatest needs (NSP Target Areas) for the County NSP. There are a total of twenty-three (23) NSP Target Areas, and all NSP assistance will be limited to these target areas.

The primary criteria used to select these target areas were:

1. Concentration of actual foreclosed units;
2. HUD risk scores of no less than 7; and
3. Areas most suitable for targeted and focused NSP assistance.

The table below provides basic information for each NSP Target Area. The information includes target area name, Supervisorial District, total area, corresponding HUD Risk Score, and the NSP map number.

TARGET AREA NAME	DISTRICT	AREA (SQ MILES)	US CENSUS BLOCK GROUPS	HUD RISK SCORES	NSP MAP NUMBER
Lakeland Village/Wildomar	1	10.48	See attachments	8,9	I - 1
Lake Elsinore	1	30.33	See attachments	7,8,9	I - 2
Temescal Canyon	1	33.1	See attachments	8	I - 3
Eastvale	2	24.14	See attachments	8	II - 1
Home Gardens	1,2	1.04	See attachments	8,9,10	II - 2
Norco	2	10.59	See attachments	7,8	II - 3
Rubidoux	2	12.03	See attachments	7,8,9	II - 4
Canyon Lake	3	5.95	See attachments	8,9	III - 1
East Hemet	3	3.43	See attachments	8,9	III - 2
French Valley	3	54.63	See attachments	8	III - 3
Menifee	3	67.29	See attachments	8,9	III - 4
Murrieta	3	25.36	See attachments	7,8	III - 5
San Jacinto	3	20.62	See attachments	8,9	III - 6
Temecula	3	19.50	See attachments	7,8	III - 7
Blythe	4	5.48	See attachments	9	IV - 1
Cathedral City	4	7.79	See attachments	7,8,9	IV - 2
Indio	4	15.93	See attachments	7,8,9	IV - 3
Thousand Palms	4	71.63	See attachments	9,10	IV - 4
Banning	5	13.00	See attachments	8,9,10	V - 1
Beaumont	5	8.86	See attachments	8,9	V - 2
Desert Hot Springs	5	23.57	See attachments	10	V - 3
Highgrove	5	1.53	See attachments	9	V - 4
Perris	5	11.78	See attachments	8,9	V - 5

Upon review of the table, the following should be noted:

1. All five supervisorial district have NSP Target Areas;
2. Target areas are located in unincorporated areas and thirteen cooperating cities;
3. 22 out of 23 (96%) of the target areas comprise block groups with HUD Risk scores of 8 or higher;
4. 12 out of 23 (51%) target areas comprise block groups with HUD Risk Scores of 9 or higher;
5. The NSP Target Areas comprise 478.06 square miles or 6.99% of the County's total CDBG program area; and

Attachment A to this NSP Substantial Amendment contains maps that provide visual representations of the County's NSP Target Areas. The maps indicate the fixed boundaries of the target areas, concentrations of foreclosed units, and HUD Risk Scores. In addition, each map identifies political boundaries, major roads and highways, and contains a legend identifying the types of foreclosed properties. Attachment E provides Census Block Group data for the twenty-three (23) designated NSP Target Areas.

Given the significant size of the County of Riverside, and the large amount of NSP funds, the County has determined that designating twenty-three target areas is appropriate and equitable. Further, these limited target areas will allow for the focused investment of NSP funds in neighborhoods that have been most impacted by the foreclosure crisis.

B. DISTRIBUTION AND USES OF FUNDS

B.1. Distribution of NSP Funds

The County of Riverside will distribute the NSP funds by targeting areas with the "greatest need" within the NSP Program Area in accordance with the requirements of Section 2301(c)(2) of *Housing and Economic Recovery Act of 2008*. The County will comply with the "greatest need" targeting requirements by prioritizing the distribution and use of NSP funds to those neighborhoods and communities with the:

- Highest percentages of home foreclosures;
- Highest percentages of homes financed by sub-prime mortgage related loans; and
- Areas most likely to experience a significant rise in the rate of home foreclosure (predicted 18 month underlying problem foreclosure rate).

These targeted areas of greatest need are identified in Section A. The County has determined that the most effective and appropriate method to identify and target areas with the greatest need is by correlating the actual foreclosed unit data with HUD's *Foreclosure and Abandonment Risk Score* data. The HUD Risk Score incorporates the sub-prime mortgage related loan data and the areas most likely to experience significant increase in foreclosure rate data. This correlated data is

presented in the various NSP maps found in Attachment A. However, the NSP maps provide adequate detail to identify and target impacted areas.

In summary, NSP funds are being made available to specific targeted neighborhoods in all five supervisorial districts – in both unincorporated areas and thirteen cooperating cities.

B.2. Uses of NSP Funding

NSP funds will be used in four (4) primary activities, plus administration:

1. Acquisition, rehabilitation, and resale to first-time homebuyers - \$20,000,000;
2. Acquisition, rehabilitation, and rental, to very-low income persons - \$1,855,000;
3. Enhanced First-Time Home Buyer Program - \$9,700,000;
4. Acquisition and rehabilitation of foreclosed, vacant multi-family properties, new construction of multi-family rental projects - \$12,157,000; and
5. Redevelopment and reconstruction of vacant or demolished properties for residential uses and non-residential uses including public facilities, commercial uses, or mixed residential and commercial uses. No specific amount of NSP funds have been allocated to this use at this time.
6. NSP program administration: administration costs will not exceed ten-percent (10%) of the NSP grant and ten-percent (10%) of program income - \$4,855,786.

NSP 1 ACQUISITION, REHABILITATION, AND RESALE TO FIRST-TIME HOMEBUYERS

The County of Riverside will acquire and rehabilitate foreclosed, or abandoned (for at least 90 days) single family homes and sell them to income-eligible first-time homebuyers. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. The final sales price will not exceed the cost of acquisition, rehabilitation, and resale. Acquisitions will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller. The acquisition and rehabilitation will be funded with NSP funds.

DISPOSITION OF NSP 1 ASSISTED PROPERTIES

This newly created activity is to capture and group all resale properties that are part of the NSP1 activity. The homes acquired by the County of its various partners will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed

seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

The County will collect a fee of seventy-five dollars (\$75) for furnishing a beneficiary statement or payoff demand statement as provided by section 2943 of the Civil Code of California. For subordination of debt secured by a deed of trust or agreement containing covenants where EDA is the beneficiary, the County will collect a fee of three hundred dollars (\$300) for processing.

The County proposes to allocate a total of **\$20,000,000** of NSP funds to the combined activities including: acquisition, rehabilitation, and resale to first time homebuyers.

NSP 2 ACQUISITION, REHABILITATION, AND RENTAL OF AFFORDABLE UNITS

The County of Riverside may acquire and rehabilitate foreclosed, abandoned (for at least 90 days) single family homes and rent them to households earning not more than 120% of the County area median income (See Attachment C). The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. Acquisitions will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller.

The full acquisition and rehabilitation may be funded with NSP funds. The County proposes to allocate a total of **\$1,855,000** of NSP funds to the combined activities including acquisition, rehabilitation, and rental of affordable units.

NSP 3 ENHANCED FIRST TIME HOME BUYER PROGRAM

The County of Riverside will offer a financing mechanism to eligible first-time home buyers to enable them to directly acquire foreclosed or abandoned single family homes using NSP funds.

The *Enhanced First Time Home Buyer Program* provides purchase price assistance to low and moderate-income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of the area median income as published by HUD (**See Attachment C**). The Enhanced FTHB Program provides 20% of the purchase price with a 15-year affordability period as a “silent second” loan plus a rehabilitation component to enhance the physical appearance of the home and remove all health and safety concerns to satisfy the Housing Quality Standards (HQS). The total amount of

assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab).

A variety of media will be used to inform the public and potential homebuyers of the homebuyer assistance program including the website: www.rchomelink.com. Brochures in English and Spanish will be distributed to businesses, schools, and other public areas. The County will partner with community organizations, employment centers, fair housing groups, lenders, and housing counseling agencies which will be in the forefront of disseminating information about the Enhanced FTHB program.

The purchase price assistance and rehabilitation costs will be funded with NSP funds. The County proposes to allocate **\$9,700,000** of NSP funds to this activity.

NSP 4 ACQUISITION AND REHABILITATION OF FORECLOSED AND VACANT MULTI-FAMILY PROPERTIES, OR THE CONSTRUCTION OF NEW MULTI-FAMILY RENTAL PROJECTS

The County of Riverside will meet its requirement to expend at least twenty-five (25%) of the NSP allocation on projects that provide affordable housing to the persons and families earning less than 50% area median income (**See Attachment C**). The County will partner with various public, for-profit, and non-profit private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

All designated NSP units will be reserved and affordable to households earning less than fifty percent (50%) of the area median income. The County will require and monitor a regulatory agreement to ensure an affordability period of at least fifty-five (55) years.

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. The County proposes to allocate **\$12,157,000** of NSP funds to this activity.

NSP 5 REDEVELOPMENT OF VACANT OR DEMOLISHED PROPERTIES, OR THE RECONSTRUCTION AND REDEVELOPMENT OF ACQUIRED AND DEMOLISHED RESIDENTIAL PROPERTIES FOR NON-ELIGIBLE SINGLE FAMILY AND MULTI-FAMILY HOUSING PROJECTS AND PUBLIC FACILITIES.

The County will partner with various public, for-profit, and non-profit private development organizations to provide for the reconstruction, redevelopment or new construction of affordable single family, multi-family housing projects, and public facilities. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

NSP funds will be eligible for use in any aspect of development including land acquisition, demolition, soft development costs, and hard construction costs.

The County will consider proposals to use NSP funds for eligible costs associated with activities under this category. NSP funds will be limited to projects providing eligible housing projects or public facilities in the NSP Target Areas. Public facilities would include health clinics, community center and parks, as well as facilities for childcare, seniors, job training, neighborhoods, and other eligible public facilities.

As noted above, no NSP funds have been allocated to this activity under this Substantial Amendment. However, if specific projects under this category are approved by the County, sufficient NSP funds will be reprogrammed from NSP activities 1-3.

NSP 6 ADMINISTRATION

The County will allocate not more than 10% of the NSP grant to the administration of the above stated programs and projects. The County proposes to allocate **\$4,855,786** of NSP funds to this activity.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

The County of Riverside defines blight consistent with the *California Health and Safety Code* definition of a blighted structure as:

California Health and Safety Code Section 33030

It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of health, safety, and general welfare of the people of these communities and of the state.

A blighted area is one that contains BOTH of the following:

- a. An area that is predominately urbanized, as the term is defined in section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.
- b. An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer facilities

California Health and Safety Code Section 33031

This subdivision describes physical conditions that cause blight:

- a. Buildings which are unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- b. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. This condition may be caused by buildings of a substandard, defective or obsolete design or construction given the present general plan, zoning or other development standards.
- c. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- d. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given the present general plan, and zoning standards and present market conditions

This subdivision describes economic conditions that cause blight:

- a. Depreciated or stagnant property values.
- b. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).
- c. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.
- d. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- e. Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of regulations.

- f. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.
- g. A high crime rate that constitutes a serious threat to the public safety and welfare.

(2) Definition of “affordable rents

The County of Riverside defines affordable rents consistent with the *California Health and Safety Code* definition of affordable rents as:

California Health and Safety Code Section 50053

- (a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent" with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.
- (b) For any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent," including a reasonable utility allowance, shall not exceed:
 - i. For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.
 - ii. For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
 - iii. For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
 - iv. For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(3) Continued affordability for NSP assisted housing.

For homebuyers, the County of Riverside will adopt the affordability periods required in the HOME regulations defined in 24 CFR Part 92. The County will record a regulatory agreement against title to the property requiring owner-occupancy by an initially determined first time home buyer earning not more than 120% of the area median income. This affordability period will be allowed to terminate where homeowner repays the loan upon transfer, sale or refinancing of the home.

For single-family rental units, the County of Riverside will adopt the affordability periods required in the HOME regulations defined in 24 CFR Part 92. The County will record a regulatory agreement against title to the property requiring affordable rents to the very low-income population or those households earning not more than 50% of the area median income.

For multi-family rental units, the County of Riverside will require rents affordable to the very low-income population or those households earning not more than 50% of the area median income for a minimum period of fifty-five (55) years. The County will record a regulatory agreement against title to the property requiring property management and maintenance in addition to affordable rents for the term of the regulatory agreement.

(4) Housing rehabilitation standards that will apply to NSP assisted activities.

The County of Riverside will adopt the HUD defined *Housing Quality Standards* (HQS) as its standard for rehabilitation.

D. LOW-INCOME TARGETING

The County's total NSP allocation is \$48,567,786. The County will allocate at least 25%, or \$12,157,000, for housing activities that benefit individuals and families whose incomes do not exceed 50% of the area median income (**See Attachment C**).

The County will utilize the 25% set-aside for very-low income persons through activity **NSP 4** (described in Section B.2). Where feasible and appropriate, the County will assist very-low income families through other NSP activities such as the Enhanced First-Time Homebuyer Program

E. ACQUISITIONS & RELOCATION

All activities below are anticipated to be initiated upon the release of NSP funds. All funds will be initially committed within eighteen (18) months. Several of these activities anticipate the receipt of program income which will continue to be used within the NSP guidelines until the program ends (estimated July 2013).

- a. **No conversions are anticipated.** As indicated in Section B above, a small number of

units may be acquired and demolished. The County does not anticipate any of these units to have affordability covenants; however, some of these may have been occupied and/or owned by low- and moderate-income households. The number of units in this category should not exceed eight (8).

b. **The number of NSP affordable housing units made available to low-, moderate-, and middle-income households reasonably expected to be produced by the various activities are as follows:**

- i. **Acquisition/Rehabilitation/Resale to First-Time Homebuyer:** With an allocation of \$20,000,000 of NSP allocated and expended for this activity, the County anticipates **150 units** being made available to households with incomes at 51% to 120% of the area median income.

The amount of final NSP assistance per unit will depend upon purchase price of units, rehabilitation costs, disposable income of purchaser (affordability), and the availability of private and other non-NSP financing. It is anticipated that most units will be sold to households earning between 75% and 120% of the area median income.

In the event that other private and non-NSP funds are limited, the County may have to finance all or a larger portion of the sale of a unit. This will result in a significantly lower number of units being made available.

- ii. **Acquisition/rehabilitation/rental:** With an allocation of \$1,855,000 for this activity, the County anticipates up to **ten (10) units** being acquired, rehabilitated, and made available to rent to households earning less than 120% of the area median income. The amount of final NSP assistance per unit will depend upon purchase price of units and final rehabilitation costs.
- iii. **Enhanced First-Time Homebuyer:** With an allocation of \$9,700,000, the County anticipates that up to **190 units** will be made available to households with incomes at 51% to 120% of the area median income. The amount of final NSP assistance per unit will depend upon purchase price of units, rehabilitation costs, disposable income of purchaser (affordability), and the availability of private and other non-NSP financing. It is anticipated that most units will be sold to households earning between 75% and 120% of the area median income.

- c. **The number of dwelling units anticipated to be made available to households at or below 50% AMI:** The number of units to be made available to households earning less than fifty-percent (50%) AMI will be dependent upon the amount of leveraging that the ~~non-profit~~ affordable housing partners can produce, as well as acquisition and rehabilitation costs. The County anticipates that **40-120 units** will be made available for this income category.

The County of Riverside does not intend to demolish or convert any existing low or moderate-income dwelling units.

F. SUMMARY OF PUBLIC COMMENTS – CITIZEN PARTICIPATION

On October 25, 2008, the Riverside County Board of Supervisors directed the Economic Development Agency to develop and prepare the Draft Substantial Amendment for the County's NSP allocation. On November 10, 2008, the Draft NSP Substantial Amendment was placed on Economic Development Agency's website (www.rivcoeda.org), with a link on the County's main website (www.countyofriverside.us). Printed versions of the draft NSP plan were made available at the following locations:

Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501

Workforce Development Center
44-199 Monroe Street
Indio, CA 92201

On November 11, 2008, the County published a Public Notice in the *Press Enterprise* (a publication of general circulation) informing the public of the availability of the Draft NSP Substantial Amendment for public comment and review until 5:00 PM, on November 26, 2008.

In summary, the public was provided a sixteen (16) day comment period for the draft NSP substantial amendment. The County received three (3) comments (two written, one verbal) regarding the draft NSP plan during the comment period. A summary of these comments can be found in **Attachment D** of this document.

G. NSP ACTIVITY INFORMATION

(1) Activity Name: **(NSP 1) Acquisition, Rehabilitation, and Resale to First-Time Homebuyers \$20,000,000**

(2) Activity Type:

NSP eligible use:

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell to eligible buyers through a First Time Homebuyer Program

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income), by the

sale of rehabilitated homes to households earning not more than 120% of the area median income (**See Attachment C**).

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: The County of Riverside will acquire and rehabilitate foreclosed or abandoned single family homes and sell them to income-eligible first-time homebuyers. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside. The final sales price will not exceed the cost of acquisition, rehabilitation, and resale. All individual acquisitions will be at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. The minimum average discount for the entire NSP portfolio will be at least 1% below the current market appraised values. Homes may be purchased in bulk from a single seller. The acquisition and rehabilitation will be funded with NSP funds.

Disposition of NSP1 Assisted Properties:

The homes acquired by the County of its various partners will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. This newly created activity is to capture and group all resale properties that are part of the NSP1 activity. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

The County will collect a fee of seventy-five dollars (\$75) for furnishing a beneficiary statement or payoff demand statement as provided by section 2943 of the Civil Code of California. For

subordination of debt secured by a deed of trust or agreement containing covenants where EDA is the beneficiary, the County will collect a fee of three hundred dollars (\$300) for processing.

Acquisition/Rehabilitation:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within sixty (60) days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1%-15% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Recapture Provisions. Short sale, notice of default, deed in lieu of foreclosure and requests to release Covenant scenarios are considered on a case by case basis with a goal of obtaining the best recovery of funds feasible. Factors taken into consideration are market value of the home as compared with total dollar amount of lien against the property, closing costs and the actual value of any documented capital improvements. The County shall act with due diligence in obtaining an estimate of these figures. If it is then determined that exercising the right of first refusal is not economically feasible, the County shall take necessary action to recover funds to the greatest extent possible. Should net proceeds be equal to zero or less than zero, approval shall be issued to proceed with a short sale or deed in lieu of foreclosure.

Resale:

- a. Sales Price. The final sales price will be no greater than the initial acquisition and rehabilitation costs. NSP regulations direct that, if an abandoned or foreclosed-upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.) Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).
 - b. Income Restrictions. Low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.
 - c. Terms of Affordability. Homes shall be affordable for a minimum of fifteen (15) years.
 - d. Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.
- (9) Total Budget: The full acquisition, rehabilitation, and resale may be funded with NSP funds. The County proposes to allocate a total of **\$20,000,000** of NSP funds to the activities including: Acquisition, rehabilitation and resale to first time homebuyers.

- (10) Performance Measures At least **150 units** of housing will be acquired, rehabilitated, and resold to households earning not more than 120% of the area median income.

(1) Activity Name: **(NSP 2) Acquisition, Rehabilitation, and Rental of Affordable Units \$1,855,000**

(2) Activity Type:

NSP eligible use:

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to rent/lease to qualified 120% AMI families.

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income), by rental of rehabilitated homes to households earning not more than 120% of the area median income (See Attachment C).

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: The County of Riverside will acquire and rehabilitate foreclosed, abandoned single family homes and rent them to households earning not more than fifty percent (50%) of the County area median income. The County will partner with various public, for-profit, and non-profit private organizations to carry out this activity, including, but not limited to the Housing Authority of the County of Riverside.

Acquisition/Rehabilitation:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Under the Rebuild 2009 Program, rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally

assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Rent:

- a. Affordable Rents. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (4) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services (excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.
- b. Income Restrictions. Program will be limited to households whose incomes do not exceed 120% area median income, adjusted by family size at the time of occupancy, for the County of Riverside. The County will prioritize rental housing under this activity for households earning less than fifty percent (50%) area median income.
- c. Terms of Affordability. HOME program standards at 24 CFR 92.252(e) provides that the length of the affordability period per existing housing unit shall remain affordable for a minimum of fifteen (15) years.

(9) Total Budget: The full acquisition, rehabilitation, and rental may be funded with NSP funds. The County proposes to allocate a total of **\$1,855,000** of NSP funds to the combined activities including: Acquisition, rehabilitation, and rental of affordable units.

(10) Performance Measures Approximately **ten (10) units** of housing will be acquired, rehabilitated, and rented to households earning not more than 120% of the area median income. Priority will be given to households earning less than fifty-percent (50%) of are median income.

(1) Activity Name: **(NSP 3) Enhanced First-Time Home Buyer Program**
\$9,700,000

(2) Activity Type:

NSP eligible use:

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 eligible activity:

24 CFR 570.201 (n) direct homeownership assistance

(3) National Objective: Funds will meet the national objective of benefiting low, moderate and middle-income persons, as defined by NSP regulations (120% of area median income), by providing direct homeownership assistance to households earning not more than 120% of the area median income.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The project end date is July 30, 2013.

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description:

The County of Riverside will offer a financing mechanism to eligible first time home buyers in their effort to directly acquire foreclosed, abandoned single family homes.

The Enhanced First Time Home Buyer Program provides purchase price assistance to low and moderate-income households that have not owned homes within a three-year period. The program is available for households with an annual income that is no greater than 120% of the area median income as published by HUD. The Enhanced FTHB Program provides 20% of the purchase price with a 15-year affordability period as 0%, "silent second" loan plus a rehabilitation component to enhance the physical appearance of the home and remove all health

and safety concerns as listed in the Housing Quality Standards (HQS). The total amount of assistance for each home will not exceed \$75,000 (which includes both purchase price assistance and rehab).

A variety of media will be used to inform the public and potential homebuyers of the homebuyer assistance program. Brochures in English and Spanish will be distributed to businesses, schools, and other public areas. The County will partner with community organizations, employment centers, fair housing groups, lenders, and housing counseling agencies which will be in the forefront of disseminating information about the Enhanced FTHB program.

The purchase price assistance and rehabilitation costs will be funded with NSP funds.

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may require minimal rehabilitation to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. Blighted single-family homes that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. The County will give priority to properties constructed after January 1, 2000; older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The County will require that all homes be vacant for a minimum period of ninety (90) days prior the purchase offer in an effort to avoid displacement and relocation. Under this activity, the County will not directly acquire or demolish properties.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Home acquisitions funded with this activity may also receive an assistance to repair or rehabilitate the otherwise blighted conditions. NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with Housing Quality Standards.

Labor Standards: Federal Labor Standards and Davis Bacon wages will not be required by this activity.

Income Restrictions. Homebuyer must be low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.

Terms of Affordability. Homes shall be affordable for a minimum of fifteen (15) years.

Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. The homebuyer will obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.

(9) Total Budget: The purchase price assistance and rehabilitation may be funded with NSP funds. The County proposes to allocate **\$9,700,000** of NSP funds to this activity.

(10) Performance Measures: Approximately **190 units** of housing will be acquired and / or rehabilitated by households earning not more than 120% of the area median.

(1) Activity Name: **(NSP 4) Acquisition and Rehabilitation of Foreclosed, Vacant Properties, or New Construction of Multi-Family Rental Projects \$12,157,000**

(2) Activity Type:

NSP eligible use:

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.

Redevelop demolished or vacant properties

Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties

CDBG eligible activity:

24 CFR 570.201 (a) acquisition and (b) disposition

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting very low income persons, as defined by NSP regulations (50% of area median income), by providing rental housing households earning not more than 50% of the area median income.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The project end date is July 30, 2013.

(6) Responsible Organization:

Heidi Marshall
Riverside County Economic Development Agency
3403 10th Street, Suite 500
Riverside, CA 92501
Phone: 951.343.5409
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description:

The County of Riverside will meet its requirement to set aside at least twenty-five percent (25%) of the NSP allocation to provide affordable housing to the population earning less than fifty percent (50%) area median income. The County will partner with various public and private development organizations to provide for the redevelopment or new construction of affordable multi-family rental projects. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

All designated NSP units will be reserved and affordable to households earning less than 50% of the area median income. The County will require and monitor a regulatory agreement ensure an affordability period of at least fifty-five (55) years.

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs.

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied residential properties, vacant for a period of 90 days that may be inhabitable and require rehabilitation to improve sustainability and attractiveness of housing and neighborhoods. Vacant or demolished will also be included in the definition of blight.

Eligible Properties. Blighted multi-family residential that have been foreclosed upon, bank-owned or real estate owned (REO) and certified as vacant for a period of 90 days. Vacant or demolished properties will also be eligible to the extent that those properties or developed as affordable, multi-family, rental projects.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value.

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to

comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to construct or redevelop properties. Construction or rehabilitation will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the rehabilitation of housing that includes 8 or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Affordable Rents. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (2) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services (excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.

Income Restrictions. Very low income households whose incomes are at or below 50% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside.

Terms of Affordability. The length of the affordability period shall be for minimum period of fifty-five (55) years.

(9) Total Budget:

NSP funds will be eligible for use in any aspect of development including land acquisition, soft development costs, and hard construction costs. The County proposes to allocate **\$12,157,000** of NSP funds to this activity.

(10) Performance Measures:

Approximately **120 units** of housing will be produced and made available and affordable to households earning not more than 50% of the area median income.

(1) Activity Name: **(NSP 5) Redevelopment of vacant or demolished properties, or the reconstruction and redevelopment of**

acquired or demolished residential properties, for eligible single family, multifamily housing projects and public facilities.

(2) Activity Type:

NSP eligible use:

The County will partner with various public, for-profit, and non-profit private development organizations to provide for the redevelopment, reconstruction, or new construction of affordable single family, multifamily housing projects and public facilities. The County will use and operate this allocation of NSP funds in a form compatible with the use of HOME funds to the extent that NSP and HOME regulations do not contradict.

NSP funds will be eligible for use in any aspect of development including land acquisition, demolition, soft development costs, and hard construction costs.

CDBG eligible activity:

24 CFR 570.206 (Also, the eligible activities listed as eligible uses to the extent that financing mechanisms are used to carry them out.)

24 CFR 570.201 (a) acquisition, (b) disposition, and (c) demolition (d) soft and hard development costs (e) public facilities

24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties

(3) National Objective: Funds will meet the national objective of benefiting low, moderate, and middle-income persons, as defined by NSP regulations (120% of area median income). Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: The projected end date is July 30, 2013

(6) Responsible Organization:

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John Thurman - jthurman@rivcoeda.org
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Riverside, CA 92501
Phone: 951.955.8916
Fax: 951.955.6686

(7) Location Description: This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

(8) Activity Description: (a) The County of Riverside will acquire and reconstruct~~rehabilitate~~ foreclosed or abandoned single family homes that are blighted. The County will demolish and/or redevelop these properties for eligible residential uses and public facilities; (b) The County will redevelop demolished or vacant properties for eligible residential uses and public facilities.

All rental projects developed under this eligible use will require a regulatory agreement to ensure an affordability period of at least fifty-five (55) years.

All acquisitions, if applicable, will average at least 1% below the current market appraised value as determined within sixty (60) days of the date of the purchase offer. Homes may be purchased in bulk from a single seller.

Disposition of NSP5 Assisted Properties:

The homes assisted under this eligible use will be sold to eligible first time home buyers who have not owned a home in the previous three (3) years, have a household income that does not exceed 120% median and have attended a HUD certified home buyer counseling session. The purchase price assistance provided to eligible first time home buyers is in the form of a silent second lien in an amount up to 30% of the selling price, not to exceed seventy five thousand dollars (\$75,000), with an equity share restriction and a recapture agreement for a time period not to exceed fifteen (15) years. Very low income first time homebuyers with household income not exceeding 50% of the area median income may qualify for up to fifty percent (50%) of the selling price as purchase price assistance, not to exceed \$75,000. The purchase price assistance provided to eligible first time home buyers will be funded from the net proceeds of the sale.

The County will collect a fee of seventy-five dollars (\$75) for furnishing a beneficiary statement or payoff demand statement as provided by section 2943 of the Civil Code of California. For subordination of debt secured by a deed of trust or agreement containing covenants where EDA is the beneficiary, the County will collect a fee of three hundred dollars (\$300) for processing.

Acquisition/Reconstruction/Redevelopment:

Target Areas. This activity will be limited to all of the designated NSP Target Areas discussed in Section A and mapped in Attachment A.

Blighted structures. Unoccupied homes, vacant for a period of 90 days that may be inhabitable and require reconstruction ~~rehabilitation~~ to improve sustainability and attractiveness of housing and neighborhoods.

Eligible Properties. (1) Blighted single-family homes that have been foreclosed upon and certified as vacant for a period of 90 days, and certified as non-suitable for reconstruction

~~rehabilitation~~. (2) vacant or blighted non-residential properties acquired without NSP funds. (3) **Vacant land or demolished properties.** All properties must not be listed on, or eligible for listing on, the National Register of Historic Places.

Appraisals. The current market appraised value is the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Discount. Properties must be purchased at a minimum average discount rate of 1% below the current market-appraised value. **The NSP purchase price discount requirement does not apply to vacant undeveloped land.**

Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. All reasonable steps must be taken to minimize the displacement of persons as a result of activity assisted with NSP Funds.

Environmental Review. The environmental effects of each activity carried out with NSP funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed at 24 CFR Part 58. Projects may be required to comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Rehabilitation Standards. Any NSP-assisted **reconstruction** ~~rehabilitation~~ or redevelopment of a foreclosed-upon home or residential property, or other vacant or blighted property, shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The **reconstruction** ~~rehabilitation~~ will strategically incorporate modern, green-building, and energy-efficiency improvements thereby providing increased sustainability and attractiveness of housing and neighborhoods.

Labor Standards. Every contract for the **reconstruction** ~~rehabilitation~~ of housing that includes eight (8) or more units assisted with NSP funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act. The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics employed on similar projects in the area.

Affordable Rents for Rental Developments. The County of Riverside will adopt affordable rents as defined by the California Health and Safety Code Section 50053 (b) (2) as the minimal compliance with this standard. The maximum monthly allowances for utilities and services

(excluding telephone) will not exceed utility allowance set by the Housing Authority of the County of Riverside.

Income Restrictions for Rental Developments. Low income households whose incomes are at or below 80% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside. Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.

Terms of Affordability for Rental Developments. The length of the affordability period shall be for minimum period of fifty-five (55) years.

Recapture Provisions. Short sale, notice of default, deed in lieu of foreclosure and requests to release Covenant scenarios are considered on a case by case basis with a goal of obtaining the best recovery of funds feasible. Factors taken into consideration are market value of the home as compared with total dollar amount of lien against the property, closing costs and the actual value of any documented capital improvements. The County shall act with due diligence in obtaining an estimate of these figures. If it is then determined that exercising the right of first refusal is not economically feasible, the County shall take necessary action to recover funds to the greatest extent possible. Should net proceeds be equal to zero or less than zero, approval shall be issued to proceed with a short sale or deed in lieu of foreclosure.

Resale: Not applicable for NSP-funded public facilities

Resale of single family homes:

- a. Sales Price. The final sales price will be no greater than the initial acquisition and reconstruction costs. NSP regulations direct that, if an abandoned or foreclosed-upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or reconstruction such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or reconstruction costs.) Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, reconstruction, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).
- b. Income Restrictions. Low, moderate, and middle income (LMMI) households whose incomes are at or below 120% of the area median income, adjusted by family size at the time of occupancy, for the County of Riverside. Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.
- c. Terms of Affordability. All housing developed for homeownership the affordability period will be a minimum of fifteen (15) years.

d. Counseling. Each homebuyer must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

(9) Total Budget: At this time, the County has not allocated any NSP funds to this activity. The acquisition, redevelopment, reconstruction, or new construction of eligible residential uses and public facilities may be funded with NSP funds if approved by the County.

(10) Performance Measures Approximately three (3) housing project's and public facilities will be constructed to serve a households earning not more than 120% of the area median income or LMMI area with a HUD Risk Score of seven (7) or higher. Where feasible and appropriate, the County will assist very-low income households earning no more than 50% of the area median income, as defined by NSP regulations.

(1) Activity Name: **(NSP 6) Administration \$4,855,786**

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

NSP – General Administration and Planning Activities
24 CFR 570.205 and 206.

(3) National Objective: Not applicable to NSP Administrative activities

(4) Projected Start Date: Execution of the NSP Agreement by HUD

(5) Projected End Date: Continued grant administration through June 2013.

(6) Responsible Organization:

County of Riverside Economic Development Agency

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(7) Location Description: N/A

- (8) Activity Description: This activity is grant administration which includes, but is not limited to, the following activities: general management, oversight, coordination, public information, reporting, evaluation, and indirect costs.
- (9) Total Budget: Ten-percent (10%) of the NSP grant (\$4,855,786) and ten-percent (10%) of Program Income.
- (10) Performance Measures: Performance measures not applicable to NSP administrative activities.