

Grantee: Indio, CA

Grant: B-09-CN-CA-0044

January 1, 2012 thru March 31, 2012 Performance Report



Grant Number:
B-09-CN-CA-0044

Obligation Date:

Award Date:

Grantee Name:
Indio, CA

Contract End Date:
02/11/2013

Review by HUD:
Reviewed and Approved

Grant Amount:
\$8,310,000.00

Grant Status:
Active

QPR Contact:
Shannon Johnson

Estimated PI/RL Funds:
\$0.00

Total Budget:
\$8,310,000.00

Disasters:

Declaration Number

NSP

Narratives

Executive Summary:

>Background

>Approximately 1 in 10 homes (9.8%) of all housing units in the City of Indio became Real Estate Owned (REO) from 2004 to 2007. Foreclosure and pre-foreclosure rate skyrocketed from 1,400 home in January 2008, to 2,800 homes in January 2009. The number of homes vacated and owned by lenders or absentee owners became, and remains today, a factor contributing to instability in those neighborhoods most plagued by the foreclosure crisis. The number of current pre-foreclosure properties is an indication that the problem is not over. The City of Indio is preparing for another wave of vacant and foreclosed properties anticipated in 2010.

>In 2009, President Obama signed the American Recovery and Reinvestment Act, which allocated \$1.93 billion in competitive grants for a second round of Neighborhood Stabilization (NSP) funds, entitled NSP2. State and local governments and nonprofit agencies can use NSP2 funds to address the housing foreclosure crisis and stabilize affected neighborhoods.

>The City of Indio has been awarded \$8,310,000 in NSP2 funds to acquire, rehabilitate, and resell up to 100 foreclosed and abandoned single-family homes. The City of Indio with its Consortium Partners plans to use NSP2 funds to acquire and demolish approximately five blighted properties work with Habitat for Humanity to rebuild replacement housing. As developed by the City and its Consortium Partners, the City of Indio's NSP2 Program is designed to reduce the number of vacant and abandoned properties in target residential neighborhoods resulting in the elimination of blight and other public safety concerns as well as the stabilization of home values.

>Target Areas

>The City and its Consortium Members selected three (3) NSP2 Program Target Areas based on several determining factors, which included the rate of foreclosures and pre-foreclosures, the level of potential positive impact as a result of intervention by the Program, and other factors provided by HUD. The three (3) neighborhoods that exhibited the highest degrees of need were the areas most affected by the housing/foreclosure crisis. The areas are delineated by the following Census Tracts: Madison West-Neighborhood (Census Tract 452.04), Sun Gold Park Neighborhood (Census Tract 455.02), and North-Central Area (Census Tract 453.02).

>NSP 2 Strategies

The main objective of the City Indio is to acquire, rehabilitate and resell 100 foreclosed and abandoned homes in the NSP2 targeted areas as a way to strategically address the negative impacts of foreclosures and vacant housing. To the extent feasible, the City will utilize other available community resources (such as Redevelopment Agency funds) to leverage the NSP2 Funds and have greater impact on residential neighborhoods.

The City of Indio NSP2 Program will incorporate, to the extent feasible, green building standards and cost-saving measures to make the homes more affordable to low and moderate/middle income homebuyers. As part of the property acquisition, rehabilitation and resale component a purchase assistance mechanism will be in place which may include soft seconds, loan loss reserves, and shared-equity loans. The NSP2 Program will focus on purchasing homes that



Executive Summary:

re least likely to be purchased because of the extent and the cost of the rehabilitation required to bring the home up to code and into move-in condition and reselling them to lower income homebuyers.

>Proposed Outcomes

>The City of Indio and its Consortium Members will acquire, rehabilitate and re-sell 100 single family homes to qualified first-time homebuyers. The intent is to accomplish this by utilizing program income recaptured as a result of the resale of the properties. Indio anticipates that it will reuse (recycle) the NSP2 grant funds up to two times in order to reach the goal. This estimate takes into account current home values, individual home buying power and other local market conditions. In addition, the City of Indio plans to use NSP2 funds to acquire, demolish and redevelop five (5) blighted sites to create new homeownership opportunities by partnering with the local Habitat for Humanity to rebuild the homes and make them available to low and moderate income households.

>The NSP2 Program will create numerous construction and administrative jobs and will indirectly support local real estate, building-supply and other businesses in the City of Indio and surrounding communities.

>Program Beneficiaries

>The City of Indio NSP2 activities will directly benefit persons and households whose income does not exceed 120% of the Area Median Income (AMI). Approximately 59% of the funds will be used for acquisition, rehabilitation and resale to homebuyers with household incomes between 50% to 120% AMI. Approximately 41% of NSP2 funds will be used for the purchase and rehabilitation and redevelopment of abandoned and foreclosed properties for individuals or households whose incomes do not exceed 50% AMI.

>Use of Funds

At least 50% of the grant funds must be expended by February 2012, and the grant must be fully spent by February 11, 2013. The City of Indio and Rancho Housing Alliance, Inc. will use up to 10% of NSP2 funds for program administration staffing and administrative costs.

Target Geography:

The City and its Consortium Members selected three (3) NSP2 Program Target Areas based on several determining factors, which included the rate of foreclosures and pre-foreclosures, the level of potential positive impact as a result of intervention by the Program, and other factors provided by HUD. The three Census tracts/neighborhoods were also selected based on the following local conditions and indicators of need:

- As of July 2009, foreclosure rates topped at 30.5%;
- As of July 2009, 27% of mortgages were high-cost and high-leveraged.
- Price change between peak housing value and December 2008 housing was minus 40.1% (-40.1%);
- 80.5 % percent of families living in these three census tracts were low to moderate income families.
- This fact is reflected in the high percentage of students qualifying for free or reduced price lunches in all three schools located in the target neighborhoods as shown below:

>James Madison Elementary: 70%,

>Andrew Jackson Elementary: 87%, and

>Hoover Elementary: 94%.

All of Sungold Park and North-Central and a portion of Madison-West are located in State-designated Enterprise Zones. All of Sungold Park and North-Central, and a portion of Madison-West are located in the City of Indio Merged Redevelopment Area.

Program Approach:

Program Approach:

>The NSP2 Program will be implemented through public and private partnerships, with mortgage lenders, the City of Indio, the Indio Redevelopment Agency, and Rancho Housing Alliance, Inc. The Indio NSP2 will program transform blighted, foreclosed vacant properties through rehabilitation. A key feature of the City of Indio NSP2 approach will focus on homes least likely to be purchased because of the amount of the rehabilitation required. By purchasing and providing incentives to purchase these properties the City of Indio will remove some of the worst eyesores and opportunities for criminal activities from the target area neighborhoods. Stability will result in increased community pride and pride results in higher standards for property upkeep, crime prevention and commitment to safety.

>The two programs below can be used in combination or separately from each target area.

>(1) Acquisition, Rehabilitation and Resale Program

>The Acquisition, Rehabilitation and Resale Program will be operated by Rancho Housing Alliance, Inc (RHA) a nonprofit 501(c)(3), Consortium member. RHA will acquire abandoned and foreclosed properties from the National Stabilization Trust and will rehabilitate them and offer them for sale to eligible homebuyers. RHA and the City will also utilize information from Indio's Foreclosed Property Registration and Mitigation Program. This program requires banks and lenders to maintain and register all vacant foreclosed properties with the Indio Police Department. The registered properties list will be used as one tool to identify and analyze vacant properties for NSP2 program participation. RHA has already accumulated a first-time homebuyer waiting list of 2,200 families. This waiting list will be used as one tool to match families with NSP2 properties.



>RHA will work with the City of Indio Redevelopment Agency to utilize \$425,000 dollars to rehabilitate foreclosed properties in the target neighborhoods. The prospective buyers will be required to attend pre-acquisition and post acquisition HUD-certified homebuyer counseling.

>All moderate rehabilitation work will include the purchase of Energy Star products and appliances. This includes refrigerators, dishwashers, washing machines, light bulbs, light fixtures, and water heaters, which may include gas tanks, tankless models, heat pumps, and solar with electric back-up, heating and cooling systems, and roof products.

>(2) Acquisition, Demolition and Redevelopment Program

The City of Indio with the help of RHA will oversee the acquisition of properties through REO lenders and real estate brokers. The residential properties may be in such bad conditions that they will need to be demolished. The City and RHA will work with Habitat for Humanity to rebuild affordable replacement housing for families earning at or below 50% AMI. The City of Indio with the help of RHA will oversee the construction to make sure that it meets all construction/permit and affordability requirements.

Continued Affordability for NSP2 Funded Homeownership Properties

To ensure continued affordability for NSP funded properties sold to homeowners, the City of Indio is adopting HUD's recapture provision. Targeted income-eligible first time homebu

Program Approach:

yers will earn less than 50%, 80%, and not more than 120% Area Median Income and will be assisted through soft seconds, loan loss reserves, and shared-equity loans. The amount of the assistance will be dependent on the sales prices and household debt capacity. Should there be an affordability gap, some portion of the original investment in rehabilitation funds will remain in the property as a silent second (no monthly payments due, and a proportionate equity share mechanism in lieu of interest) to be repaid upon change in title or status as owner-occupied housing. The property will have a recorded lien with an affordability covenant included for a period up to 20 years. This lien/covenant will provide assurance of long-term sustained affordable housing. If the property is resold, it must remain affordable for the original term or the amount of assistance must be repaid in full.

Consortium Members:

Consortium Members:

City of Indio (Lead Agency):

>The City of Indio is the lead applicant for this NSP2 grant proposal and is a unit of general local government.

Rancho Housing Alliance (Non-profit Partner):

>Rancho Housing Alliance, Inc. is a Consortium Member and is a non-profit organization which will help implement various parts of the program as described above.

Redevelopment Agency of the City of Indio (Redevelopment Agency Partner):

The Redevelopment Agency of the City of Indio is a Consortium Member. The City Council Members of the Indio City Council are also designated, and serve, as the Redevelopment Agency of the City pursuant to California Health and Safety Code Section 33200.

How to Get Additional Information:

To obtain additional information regarding the City's NSP2 Program, Please write visit or call:

City of Indio
>100 Civic Center Mall
>Indio, CA 92201
>(760) 391-4120
>www.indio.org

or

Rancho Housing Alliance, Inc.
>53-990 Enterprise Way, Suite 1
>Coachella, California 92236
>(760) 391-5050 / Fax (760) 5100

Overall

Total Projected Budget from All Sources

This Report Period

N/A

To Date

\$8,310,000.00



Total Budget	\$0.00	\$8,310,000.00
Total Obligated	\$120,000.00	\$7,546,037.00
Total Funds Drawdown	\$413,518.10	\$6,003,313.34
Program Funds Drawdown	\$413,518.10	\$6,003,313.34
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$6,250,995.40	\$6,306,621.40
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$831,000.00	\$251,697.61
Limit on State Admin	\$0.00	\$251,697.61

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$831,000.00	\$807,000.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$2,077,500.00	\$2,078,000.00

Overall Progress Narrative:

During the reporting period, the City, in partnership with its Consortium Partner, Rancho Housing, continued their aggressive efforts to rehabilitate the remaining 42 properties included in their acq/rehab/resale category for eventual resale to income qualified first time homebuyers. In addition, 4 properties included in the acquisition/demolition/redevelopment category were totally demolished and are in the process of being transferred to Habitat for Humanity to be redeveloped and resold to income qualified homebuyers. To provide for a more in depth look at the accomplishments for each Activity, specific status of the rehab and resale efforts is clearly spelled out in the individual narratives for each.

Project Summary

No Projects found.

