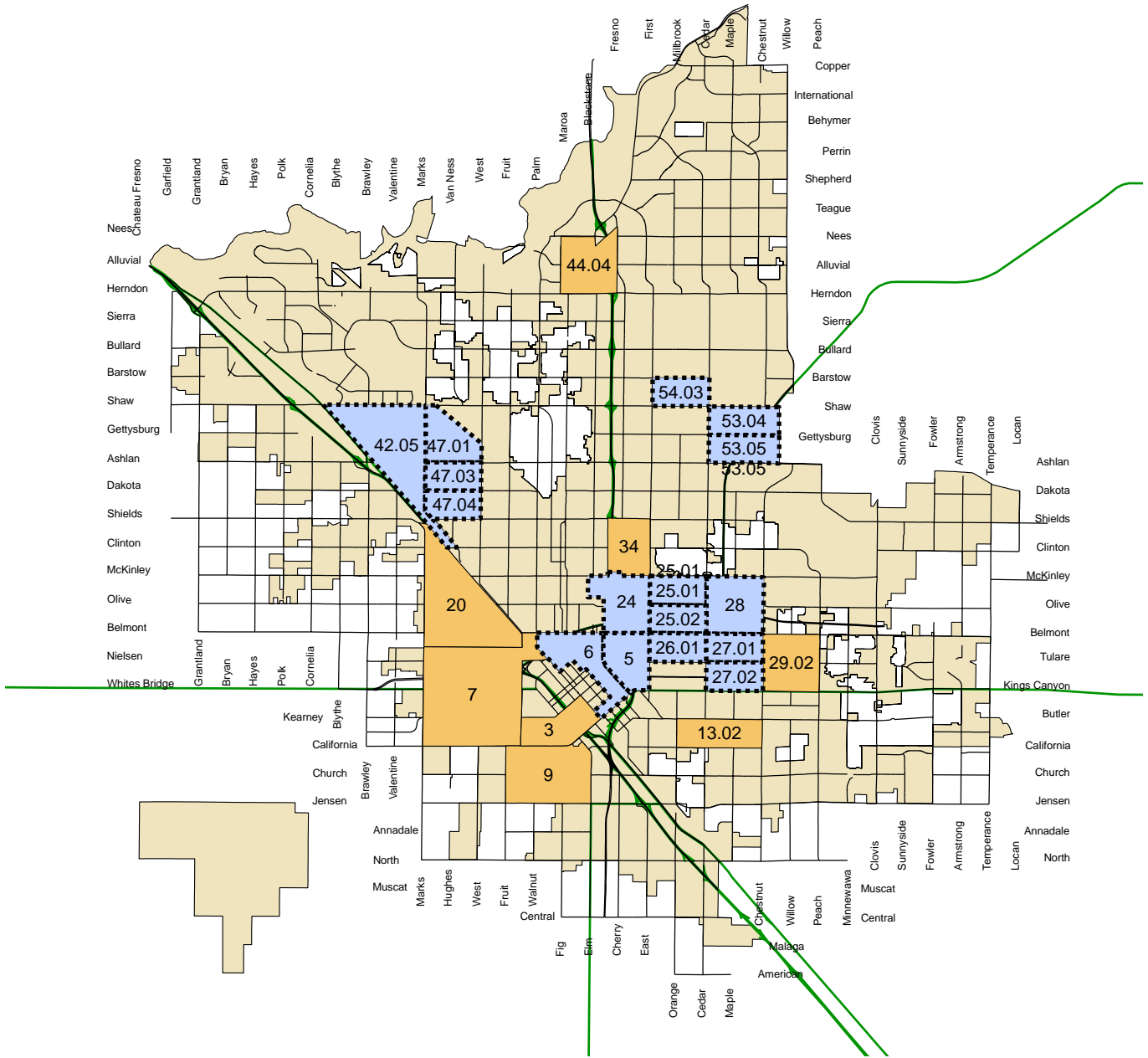


City of Fresno Neighborhood Stabilization Program 2 Census Tracts

- City Census Tracts
- Housing Authority Census Tracts



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Factor 1: Need/Extent of the Problem

Target Geography

Application Number: 298052758

City of Fresno

The City of Fresno has selected three target areas for neighborhood stabilization. All three areas are south of Shaw Avenue, north of Kings Canyon Road, east of Blythe, and west of Willow Avenue.

Listed below are area boundaries and foreclosure and vacancy scores as follows:

	Census Tract	Foreclosure Score	Vacancy Score	Maximum Score
Area 1 Shaw/Cedar/ Gettysburg/Willow	53.04	19	14	19
Area 2 Gettysburg/Cedar/ Ashlan/Willow	53.05	19	14	19
Area 3 McKinley/Cedar/ Belmont/Chestnut	28.00	19	10	19
Area 4 Tulare/Cedar/ Kings Canyon/Chestnut	27.02	20	13	20
Area 5 Olive/East/ Belmont/Cedar	25.02	20	11	20
Area 6 Belmont/East/ Tulare/Cedar	26.01	20	9	20
Area 7 McKinley/Fresno/ Belmont/East	24.00	20	13	20
Area 8 Belmont/Fresno/ Kings Canyon/East	05.00	20	15	20
Area 9 Shaw/Marks/ Ashlan/West	47.01	20	10	20
Area 10 Dakota/Marks/ Shields/West	47.04	20	11	20

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	Census Tract	Foreclosure Score	Vacancy Score	Maximum Score
Area 11 Shaw/east of Hwy 99/Shields	42.05	19	4	19
Area 12 Belmont/Cedar Tulare/Chestnut	27.01	20	8	20
Area 13 McKinley/East Olive/Chestnut	25.01	20	8	20
Area 14 Barstow/First Shaw/Cedar	54.03	19	11	19
Area 15 Ashlan/Marks Dakota/West	47.03	19	10	19

The average foreclosure and vacancy risk index score for the identified target areas is 19.63. A map of the areas is included as an appendix. There are a total of 486 real estate owned properties in the above target areas.

The three areas were targeted due to the high concentration of foreclosed and abandoned homes in the neighborhood and low-income status. The City's Code Enforcement Division has worked with the County's Assessor's Office to track foreclosures in the City of Fresno, and in partnership with the Housing staff, identified the target areas, as those that would benefit the most from the investment of NSP2 funds.

Listed below are the foreclosure and vacancy scores for the Housing Authority's target areas:

	Census Tract	Foreclosure Score	Vacancy Score	Maximum Score
Area 1 Olive-McKinley Cedar-First	25.01	20	8	20
Area 2 Fresno/First McKinley/Shields	34	19	13	19
Area 3 Chestnut/Peach Belmont/Kings Canyon	29.02	19	12	19
Area 4 California/Belmont Marks/Thorne	7	20	15	20
Area 5 First/Maroa Herndon/Nees	44.04	20	12	20

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	Census Tract	Foreclosure Score	Vacancy Score	Maximum Score
Area 6 Fruit/Elm Jensen/California	9	20	13	20
Area 7 Orange/Chestnut California/Bulter	13.02	20	13	20
Area 8 Kearney/Fresno Ventura/California	3	20	16	20
Area 9 Marks/Fruit Shields/Belmont	20	13	13	20
Area 10 Ashlan/Gettysburg Cedar/Winery	53.05	19	14	19

The average foreclosure and vacancy risk index score for the identified target areas is 19.7.

The foreclosure crisis stems back to 2007 and was recognized as a statewide concern, when on November 20, 2007, California's Governor Arnold Schwarzenegger announced, in Fresno, California, plans to address the rising number of foreclosures in Fresno. While an agreement was reached with lenders to help homeowners on the verge of a foreclosure, the crisis continues to increase at an exponential rate with limited viable solutions.

On June 9, 2009, USA Today reported California as one of the states that continues to experience an increase in foreclosures. To accelerate the problem, the Mortgage Bankers Association reported that prime rate mortgages are now becoming seriously delinquent. So, while the problems of foreclosures continues with sub-prime mortgages, a higher level of credit worthy borrower's are experiencing a problem initially associated with only sub-prime mortgages.

Unemployment was defined as the single most contributing factor to foreclosures in California as well as the City of Fresno, especially in the prime mortgage sector. As of April 2009, the U.S. Department of Labor reported the City of Fresno's unemployment rate at 15.5%. The 15.5% is substantially higher in comparison to the State's unemployment rate of 11%, and if job losses continue, it will only make matters worse as foreclosure filings increase for higher-end borrowers.

A 2005 Brookings Institute report provides another perspective of Fresno's existing challenges. In the report, the City of Fresno was listed first among American cities with the most concentrated level of poverty. The Report also stated that 43.5% of the Fresno's poor live in extremely poor neighborhoods where more than 40% of the residents live below the federal poverty line.

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To further support these statistics, in 2006, the U.S. Department of Housing and Urban Development (HUD) deemed Fresno one of the most distressed cities nationwide and thus waived the City's Home Investment Partnerships (HOME) Program match requirement. The problem is evident, that this historically impoverished city cannot withstand the devastation that foreclosures are having on its communities.

Although the City continues to make enormous strides in creating and preserving affordable housing, this unprecedented foreclosure crisis coupled now with prime rate foreclosures, has placed a tremendous burden on an already difficult task. In an effort to help meet the fundamental need for neighborhood stabilization, the City of Fresno seeks funding opportunities from every prospective source. And, although the City of Fresno has developed and adopted programs to hold property owners responsible for upkeep of their foreclosed property, the programs do not bring new homeowners back into an empty house.

In 2008, the City of Fresno was one of 47 cities in California to receive federal Neighborhood Stabilization Program (NSP1) funds under the Housing and Economic Recovery Act¹ to combat the devastating effects of foreclosures on city neighborhoods. As a recipient of the \$10.9 million in funds, the City of Fresno commenced implementation of NSP1 on June 18, 2009, to begin addressing foreclosures and stabilizing neighborhoods. This targeted 2008 emergency assistance, in part, demonstrates Fresno's extent of its foreclosure problem.

According to a June 11, 2009 Fresno Bee article, RealtyTrac reported that foreclosure filings fell 6% in May from April. However, and despite this drop, May was the third highest month for foreclosure filings. California remained number 2 nationwide on the list of foreclosure filings with 1 in every 144 households dealing with a foreclosure filing. The City of Fresno continued with statewide ranking of number 14 out of 203 metro areas dealing with an unprecedented amount of foreclosures.

As of June 1, 2009, there were 2,711 bank-owned properties in the City of Fresno. Therefore NSP2 funds are vitally important to the stabilization of the City's neighborhoods and communities.

Market Conditions and Demand Factors

Mr. Dennis Woods, of United Security Bank, stated that the City's foreclosure absorption rate, based on the Bank's Multiple Listing Service (MLS) listings, is high because the City's foreclosures are being purchased by large investors. Mr. Woods also stated that the two most critical factors in the City's market area were overvaluation, unemployment and loss of jobs; referring to a June 17, 2009 Fresno Bee news article that ranked the City of Fresno number 94 out of 100 of the largest cities hardest hit by the recession.

¹ Title III of Division of the Housing and Economic Recovery Act of 2008, passed by the United States Congress on July 24, 2008 and signed by President George W. Bush on July 30, 2008. The Act was designed primarily to address the sub-prime mortgage crisis throughout the nation.

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Also, according to a May 21, 2009, Fresno Bee news article, Guarantee Real Estate, stated that the supply of unsold homes (absorption rate) is 1.9 months to 4 months. The article further stated that the banks are the biggest sellers accounting for 60.5% of foreclosure sales in the County. And, that bank auctions of foreclosures are causing bidding wars between some of the bigger and stronger investors.

Donna Waddell of Guarantee Real Estate Corporate office located at 5380 N. Fresno Street., Suite 101, Fresno, California, 93710, is the City's source of information on the supply of foreclosed homes on the market as of June 22, 2009.

Ms. Waddell states that economist use the number of month's supply of inventory to determine if it is likely to be a buyer's market (where values decrease), a seller's market (where values increase), or a stable market (where values remain relatively flat).

In using this measure, they usually determine that a buyer's market is more than a 6 month supply of inventory, stable market is between 3 and 6 months supply of inventory, and seller's market is less than 3 month supply of inventory. As of June 22, 2009 the month supply of homes on the market was 3.0 months.

Ms. Waddell also stated that our (Fresno) market could be positively impacted if more lenders increase their willingness to accept "short sale" offers or rework payments with homeowners. It is difficult to predict how either of these situations will unfold, particularly because of programs being introduced by the federal government that impact lenders.

While the City's high absorption rate may appear positive in comparison to the number of foreclosures, the rate is a result of investors buying housing units in bulk. The City, as well as other affordable housing providers, is not able to buy the volume of units investors are able to purchase from bank auctions and is certainly not able to hold or land bank a property for any length of time. Many of the homes that are being purchased in bulk are being rehabilitated by investors and then placed back on the market as rental housing.

In a discussion with a local multifamily broker on July 1, 2009, it was discovered that short sales and full foreclosures of multifamily complexes are increasing significantly and are expected to do so into 2010. Several large lenders, including Chase and Imperial Capital, have made significant investments in the Fresno area, and many of these properties are seeing 8-10% vacancy rates, up from 3-7% just a few years ago. As vacancy rates increase in multifamily units, the complex itself begins to deteriorate and becomes a source of blight in the immediate area and the community. The NSP2 application proposes a plan to address these multifamily properties as well.

If the City does not receive NSP2 funding, many low-income prospective households will not realize the joy of homeownership and at an affordable cost. If investors are buying up a large number of foreclosures only to resell later, many of the new homebuyers will be those who lost their home to foreclosure in the first place. This

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move by investors may cause other market situations that may not be of any benefit to low-income families. Therefore, NSP2 is truly the only program aimed at putting low-income households back into rehabilitated foreclosed/abandoned homes at an affordable cost while stabilizing the community.

Income Characteristics

Listed below are the target census tract areas and the median household income reported at the 2000 Census.

<u>Census Tract</u>	<u>Median HH Income</u>	<u>Census Tract</u>	<u>Median HH Income</u>
0003.00	\$16,437	0053.05	\$37,303
0005.00	\$17,341	0007.00	\$22,463
0009.00	\$20,367	0013.02	\$22,544
0020.00	\$23,768	0024.00	\$18,598
0025.01	\$23,707	0025.02	\$18,043
0026.01	\$24,339	0027.02	\$19,765
0028.00	\$18,558	0029.02	\$23,125
0034.00	\$25,366	0042.05	\$33,153
0044.04	\$26,473	0047.01	\$31,484
0047.04	\$24,522	0053.04	\$20,897
0047.03	\$29,706	0054.03	\$15,269
0027.01	\$26,656		

In 2000, the State of California, Employment Development Department Labor Market Information Division reported income statistics for Fresno as follows:

<u>Median Household Income</u>	<u>Median Family Income</u>	<u>Poverty In Population</u>	<u>Families in Poverty</u>
\$32,236	\$35,892	26.2%	20.5%

Please note, the target areas are located within the listed Census Tract but the target areas may be much smaller than the broader boundary of the Census Tracts, so the population and data information will vary according to the immediate area statistics which the City does not track.

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The cost burden for the $\leq 50\%$ to 120% of area median income is shown below.

Cost Burden

Income		1	2	3	4	5	6	7	8
<u>Limit by %</u>	<u>Maximum</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>
≤ 50	Sales Price	\$ 71,625	\$ 81,694	\$ 91,953	\$ 102,213	\$ 110,382	\$ 118,551	\$ 126,721	\$ 134,890
	House								
≤ 50	Payment	\$ 518	\$ 591	\$ 665	\$ 740	\$ 799	\$ 858	\$ 917	\$ 976
51-80	Sales Price	\$ 114,562	\$ 130,900	\$ 147,239	\$ 163,578	\$ 176,687	\$ 189,796	\$ 202,905	\$ 216,014
	House								
51-80	Payment	\$ 829	\$ 947	\$ 1,066	\$ 1,184	\$ 1,279	\$ 1,374	\$ 1,468	\$ 1,563
81-120	Sales Price	\$ 171,937	\$ 196,256	\$ 220,764	\$ 245,272	\$ 264,841	\$ 284,599	\$ 304,168	\$ 323,736
	House								
81-120	Payment	\$ 1,244	\$ 1,420	\$ 1,598	\$ 1,775	\$ 1,917	\$ 2,060	\$ 2,201	\$ 2,343

During 2004-2007 there was a flood of new housing units on the market as the housing boom struck most of the State. During 2004 to 2007 the following single – family building permits were pulled, in the City of Fresno, as follows:

- 2004: 2109 buildings; average cost: \$163,900
- 2005: 2247 buildings, average cost: \$165,700
- 2006: 1600 buildings, average cost: \$165,200
- 2007: 2016 buildings, average cost: \$156,200

The amount of building permits pulled from 2004 to 2007 has not been matched since. However, the City also has a State-mandated Housing Element that provides for the City to construct 20,976 new units during the 2008-2013 Element plan period. During preparation of the Housing Element, the State Department of Housing and Community Development was well aware of the flood of foreclosures but instructed the City to continue its plan to meet the Regional Housing Needs Allocation (RHNA) of 20,976 units if the City was proposing to apply for any state funding for its housing programs. Foreclosures were not included in the formula for arriving at a jurisdiction's RHNA number. Though many cities have elected not to submit a Housing Element because of the myriad of analysis required, the City submitted an adopted Housing Element so that it, and housing developers, would be eligible to apply for and receive State funding under Proposition 1C for affordable housing projects and programs. The state certified the City's Housing Element in February of 2009.

Social Factors

Although the City does not track crimes based on their foreclosure status, the Police Department staff have heard multiple claims of an increase in residences targeted due to their obvious abandoned condition. Most of these homes appear to be foreclosures. According to City's Police Department district commanders, the telltale foreclosure signs, such as dead lawn and shrub, accumulated mail, curtain-less windows, etc, make these homes easy targets for potential criminals. The realtors and

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asset managers responsible for maintaining these homes don't have sufficient time, money or motivation to upkeep their condition.

One crime that seems to have increased the most, as of late, is trespassing. This is especially so in areas with a large population of homeless individuals. In these cases, trespassers damage doors and windows to gain entry and access to the foreclosed residences for shelter. Since these homes have no electricity or water service, the trespassers commonly light fires, further damaging homes and leave behind human waste.

These vacant homes have also served as easy prey for thieves looking to steal light fixtures, and/or appliances or anything with recyclable value. The multitude of foreclosed homes have also provided for graffiti taggers to openly commit vandalism with little fear of being caught and a minimal chance that the bank owner will learn a crime has even taken place.

NSP2 Program funds would enable the City to create a program that helps stabilize neighborhoods and re-instill social investment in ones respective community.

The City will partner with the City and County of Fresno Housing Authority to enter into a joint effort to combating foreclosures within the City of Fresno.

Stabilization Efforts

The City's Code Enforcement Division has taken a proactive approach to addressing blight and issues associated with vacant homes within the City. The Code Division implements the City's Vacant Foreclosed Property Ordinance (Fresno Municipal Code Section 10-620) that has mechanism to protect residential neighborhoods from becoming blighted through the lack of adequate maintenance and security of vacant foreclosed properties. The Ordinance established a Vacant Foreclosed Property Registration Program. The Program requires the responsible party of the foreclosed property to register their property with the City and holds the owner responsible for upkeep of the property. Fines associated with the Ordinance are much higher but provides a means for on-going monitoring of the homes and property condition.

As of May 29, 2009, the Code Enforcement Division reported information gathered with regard to foreclosed and abandoned homes as follow:

- Registered (Vacant and Foreclosed) Properties 266
- Non-Registered (Vacant and Foreclosed) Properties 579
- Notice of Default (on the Verge of Foreclosure) 913
- Real Estate Owned Properties 2,469
- Open and Vacant Properties 486

The Code Division's Program information provides the City the ability to narrow down the highest concentration of vacant and foreclosed homes. As of June 1, 2009,

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the City's Planning Division, Permit Center mapped out the City's bank owned properties by district and recorded a total of 2,711 properties.

Prevention and Alleviation of Foreclosure Policy

In addition to the City's Code Enforcement efforts, the City has adopted, as part of its 2008-2013 Housing Element² of its 2025 General Plan, the following program to be implemented during the 2008-2013 plan period:

"Program 4.1.2 –Preventing and Alleviating Foreclosures

The Planning & Development Department will address the current foreclosure crisis by applying for funding programs to alleviate foreclosure, partnering with local foreclosure counseling service providers to assist families from entering foreclosure procedures and enacting local ordinance updates to incentivize quick alleviation of already foreclosed homes. The City's Housing and Community Development Division will monitor implementation of the Neighborhood Stabilization Act (H.R. 5818), which authorizes a \$15 billion dollar federal grant and loan for state and local governments to purchase, rehabilitate, and resell foreclosed homes and apply for funding accordingly. The City will actively partner with the Community Housing Council's Housing Resource Center, a one-stop shop that provides housing counseling, and other agencies to promote counseling services available to assist families facing foreclosure. In addition, within one year of the adoption of the Housing Element, the City will update its Vacant Building Ordinance to better address the problems associated with buildings that have been vacated due to foreclosure. The changes include, but are not limited to, shortening the time allowed between citation issuance and an increasing fee scale per citation. These changes are meant to motivate the owners of the vacant buildings to address the issues associated with abandonment in a more timely and efficient manner. Thereafter the City will work with local community groups to prepare a public education and outreach campaign addressing the resources available to avoid and/or alleviate foreclosures.

Action: Monitor available funding programs, partner with housing counseling agencies, and update applicable ordinances to prevent and/or alleviate foreclosures.

Responsibility: City Housing and Community Development Division and RDA.

Time: Year 1-5"

² The City 2008-2013 Housing Element can be found on the City's web site at:
<http://www.fresno.gov/Government/DepartmentDirectory/PlanningandDevelopment/Planning/Default.htm>
Click "2025 General Plan" located under Department Overview.

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City Program

An award of NSP2 funds would help the City implement a program whereby the City would purchase homes in some of the most distress areas and then make the homes available for sale to a very low- to moderate-income household. Many lower income households would be able to purchase a newly rehabilitated home while obtaining, from the City, a zero interest, no payment loan. Details about the program are outlined in the Program Summary.

Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff:

Past Experience of the Application

As a local lead housing agency, the City of Fresno's Planning and Development Department, Housing and Community Development Division is responsible for implementation and grant management of all local, state, federal, and other affordable housing related grant programs. On an annual basis, the Division successfully executes federal block grant program activities estimated at \$13 million.

City and Regional Planning

The Planning and Development Department is responsible for regional planning participation and coordination. Planning Division staff performs advanced and planning functions, including processing entitlements such as plan amendments, rezones, site plans, conditional use permit, and environmental assessments. The Division also prepares and maintains the 2025 Fresno General Plan and various community and specific plans, processes annexations, implements the Zoning Ordinance, provides public counter planning services efforts of the of citizen advisory and plan implementation committees, and makes recommendations to the Fresno City Planning Commission.

Transportation

The City of Fresno's Transportation Department is responsible for working with the Council of Fresno County Governments on local and regional transportation issues.

Acquisition and Disposition of Foreclosed Real Estate

The Planning and Development Department, Housing and Community Development Division is currently in the process of implementing the NSP1 Program. The proposed program developer awards were presented to City Council on June 18, 2009 and were unanimously approved. The City is now in the process of implementing the NSP1 program. Four developers have been selected through a Request for Proposal process to help the City implement NSP 1 activities. The next step of executing agreements with the selected developers is underway.

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The City has limited experience with acquisition and disposition of foreclosed real estate. However, the City's developer partners selected to participate in NSP1 have extensive experience with acquisition and disposition of property. The City will implement and administer NSP2 funds. Its selected developer participants are members of the development community, and include non- and for-profits agencies, the Redevelopment Agency, and the Housing Authority. Their combined experiences with redevelopment of vacant and foreclosed properties will serve as the City's experience for this rating factor.

Rehabilitation of Housing

Since 1994, the City of Fresno has been the recipient of U.S. Department of Housing and Urban Development (HUD) federal Home Investment Partnerships Program (HOME) funds and is entitled to receive an annual allocation of approximately \$3.5 million. As part of its annual budget preparation, the City allocates a portion of its HOME funds specifically for mortgage assistance and rehabilitation programs made available to eligible low-income residents.

Redevelopment of Vacant Property

The Division implements a program to acquire vacant infill property for development of affordable housing. In some cases the Division issues a Request for Proposal to solicit developer-led construction of affordable housing on infill lots throughout the City. The City may also purchase the vacant parcels and solicit a developer to build affordable housing and use the land cost as the City's subsidy to the project.

Performance

Within the past 24 months, the Division has completed the following acquisition/developments and/or financing of multifamily housing on vacant infill sites throughout the City:

- Tanager Springs I Apartments – 74 units
- Tanager Springs II Apartments – 80 units
- Sandstone Apartments – 69 units
- Geneva Village Apartment – 142 units
- Oak Park Senior Villas – 65 units
- Sierra Gateway Senior Residence – 80 units
- Fulton Plaza – 64 units

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The Division has also completed the following single-family housing development projects with its local housing development partners:

- Little Long Cheng – 30 units
- Green Demonstration Project – 1 unit
- South Clara Estates – 11 units

In addition, the following acquisition/rehabilitation projects have been completed within the past few months:

- Tyler Street Duplex – 2 units
- Brierwood Courts – 75 units
- Martin Luther King Apartments – 92 units

Lastly, the following homebuyer and rehabilitation projects have been completed within the past 24 months:

- Owner-Occupied Rehabilitation – 60 units
- Senior Paint – 160 units
- Mortgage Assistance – 59 units

Program Marketing and Management of Waiting Lists for Potential Residents

The City's Housing Division has extensive experience marketing and managing housing programs and maintains a housing website containing its activities and accomplishments. The Division's housing programs and activities are listed on the City's website.³

Division staff manages and maintains a list for the Owner-Occupied Housing Rehabilitation Program and Senior Paint Program. There are currently 518 potential clients on the rehabilitation list and 453 on the Senior Paint Program list. These lists are monitored on an ongoing basis. Staff monitors the list by first sending a mailer to the individuals on the list and then makes follow-up calls to ensure the individuals on the list are informed of their status and placement on the list to receive services. This follow up action allows for the list to be updated on a frequent basis.

Accessing Operating and Investment Capital

The Planning and Development Department's Administration is responsible for budgeting annual HUD HOME Program funds, Community Development Block Grant (CDBG) Program funds, and other funds that may become available to the Division to carry out affordable housing projects and programs. In the 2009-2010 fiscal year, funds for Division support will come from: HOME, CDBG, State CalHome, State Work Force

³ The Housing Division website is located at:
<http://www.fresno.gov/Government/DepartmentDirectory/PlanningandDevelopment/Housing/default.htm>

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Housing Program, and a State BEGIN Program. The Department's budget is located on the City's website.⁴ The Department's 2009-2010 fiscal year proposed operating budget is estimated at \$24,563,400.

The Division participates in many State and federal affordable housing programs. Without these additional funding programs, the City would not be able to fund much needed housing programs and activities. Since 2007, the City has been successful in obtaining approximately \$10 million in State and federal program funding, in part, due to its capacity and experience to deliver housing programs on time and within budget. Although the City has been successful in obtaining many funding awards, the amounts are only a fraction of what the City's neighborhoods and communities truly need.

Working Productively with Other Organizations

As a lead housing agency for the City of Fresno, the Housing Division has maintained a long standing and successful working relationship with the Fresno Housing Authority, Fresno Redevelopment Agency, the local Building Industry Association, local non- and for-profit developers, Community Housing Development Organizations, and the development community in general as well as other non-local developers providing residential development within the City of Fresno.

Management Structure

The Planning and Development Department operates under the direction of a Planning Director and consists of two assistant directors and eight divisions. Keith Bergthold currently serves as the Department's Acting Director. City staff managing the NSP2 Program will include:

Name: Keith Bergthold, Acting Director, Planning and Development Department
Address: 2600 Fresno Street, Room 3065, Fresno, CA 93721-3604
Telephone: (559) 621-8001 Facsimile: (559) 498-1012
E-mail: Keith.Bergthold@fresno.gov

Name: Claudia Cazares, Manager, Housing and Community Development Division
Address: 2600 Fresno Street, Room 3070, Fresno, CA 93721-3604
Telephone: (559) 621-8356 Facsimile: (559) 488-1078
E-mail: Claudia.Cazares@fresno.gov

Name: Karen Bradley, CPA, Interim Finance Director/City Controller
Address: 2600 Fresno Street, Room 2156, Fresno, CA 93721-3622
Telephone: (559) 621-7001 Facsimile: (559) 488-4636
E-mail: Karen.Bradley@fresno.gov

⁴ City of Fresno proposed 2009-2010 budget is located on the City's website at:
<http://www.fresno.gov/NR/rdonlyres/86993A68-9142-4542-B77F1902B3B9FE9B/13803/FY2010MayorsProposedBudget1.pdf>

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Job classification descriptions for the management series can be found on the City's website.⁵

The City's Finance Department is responsible for overseeing the fiscal management of all grants awarded to the City of Fresno and for loan servicing activities. The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Fresno, for its annual budget for the fiscal year July 1, 2008 through June 30, 2009.

Housing Division staff responsible for carrying out the NSP 2 activities include: a Management Analyst, Project Manager, Real Estate Finance Specialists, Neighborhood Services Specialists, and Division Manager. Since notification of the NSP 1 award, Division staff has completed development of the program procedures, selected the participating developers and developed program guidelines.

The Management Analyst will serve as the internal auditor. Part of the Analyst's responsibilities will be to routinely perform site inspections and audits of the projects completed. The Management Analyst will also assist with scope review of NSP2 activities.

The project manager will be responsible for the day-to-day operations of NSP2 activities. This includes providing direction to the Real Estate Finance Specialists and Neighborhood Services Specialist, reviewing scopes of work, checking invoices, documents and mathematic calculations, answering questions about NSP2, verifying recorded reporting data, maintaining project cost sheets, reviewing budgets, performing file audits to ensure the required program documentation is collected and on file for review by HUD, and auditing of completed activities.

The Real Estate Finance Specialist is responsible for the following financial support:

- Underwriting of the homebuyer documents;
- Review of applicant information for participation eligibility, such as income, supporting financial statements, pay stubs, Social Security/unemployment/child support/and other applicable award letters, tax returns, credit report, preliminary title report, homebuyer education certification, and verification of employment;
- Preparation of activity files, including City informational worksheet;
- Preparation of escrow documents and instructions for transmittal to the title company;
- Preparation of request for funding from the City's finance department;
- Close-out project files after close of escrow.

⁵ City job classifications for the management series are located at:
<http://www.fresno.gov/Government/DepartmentDirectory/Personnel/ClassAndComp/JobSpecifications/Default.htm>

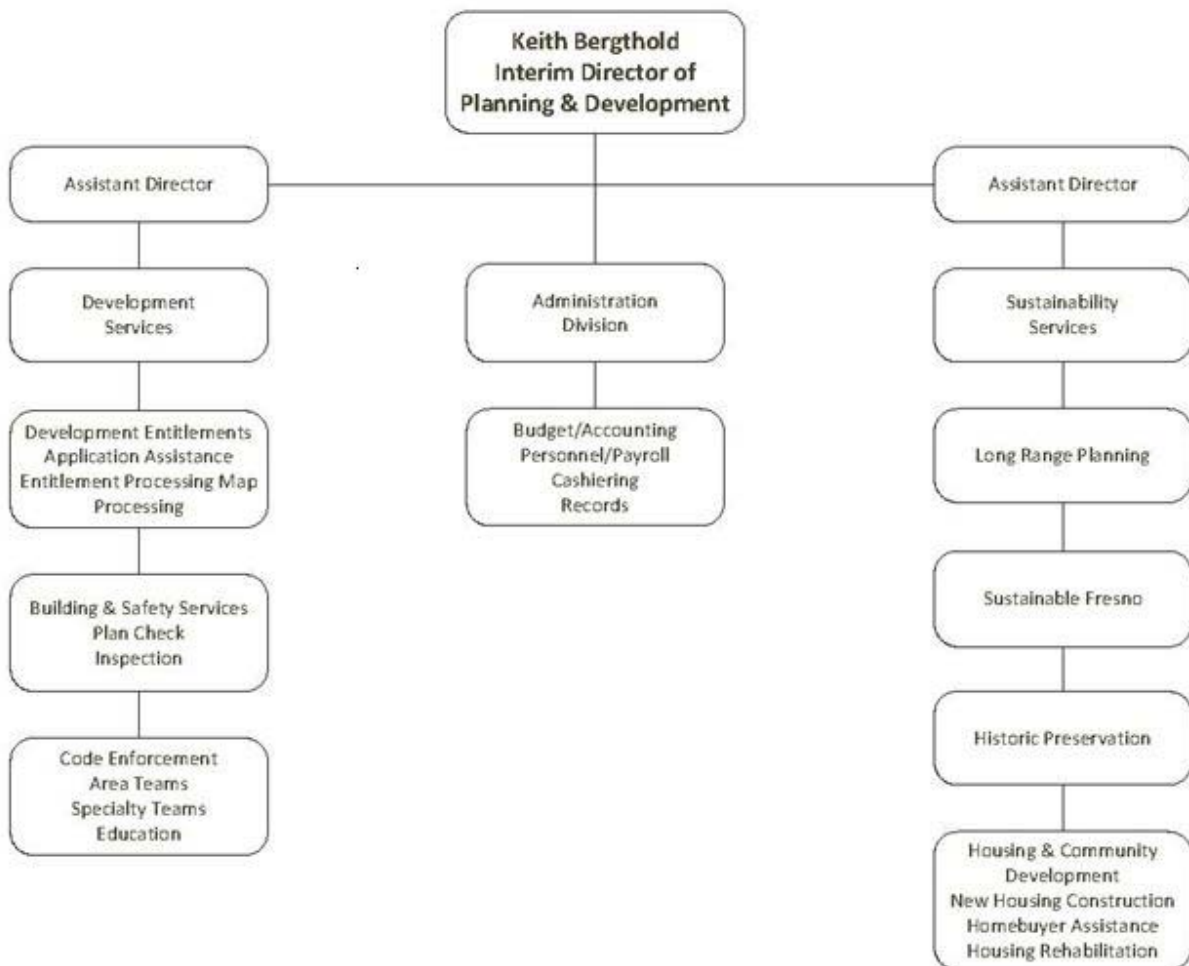
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The Neighborhood Services Specialist is responsible for the following inspection and scope of work development:

- Inspection of homes;
- Review of the scope of work to ensure that all health and safety issues and code violations have been addressed;
- Conduct a final inspection to ensure that the rehabilitation work has been completed satisfactorily and in a workman like manner.

The Division Manager will be responsible for overseeing implementation of NSP2. In all, the Housing and Community Development Division staff has over 35 years of housing project and program delivery experience.

The Planning and Development organizational chart is as follows:



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References

The City of Fresno's reference for similar single-family work to be performed with NSP2 funds is a May 6, 2007 Fresno Bee news article titled Creative Financing Earns For The Family.....A House, written by Sanford Nax, Business Reporter for the Fresno Bee.

The City's reference for similar multi-family work to be performed with NSP2 funds is a January 28, 2007 Fresno Bee news article titled Fresno Helps Rehab Homes, written by Sanford Nax, Business Reporter for the Fresno Bee.

Sanford's contact information is as follows.

Sanford Nax, Business reporter
The Fresno Bee
1626 E Street
Fresno, CA 93706-2098
559-441-6495
snax@fresnobee.com

The article speaks to the City's Rental Rehabilitation Loan Program that provides owners of rental properties a loan to rehabilitate their rental property and reserve a percentage of the units for low-income tenants.

The Housing Authority's reference for similar multi-family work to be performed with NSP2 funds is GSF Properties. GSF manages a majority of the Housing Authority's multi-family mixed-finance properties, and has been involved in all aspects of lease up of units, maintenance and management. GSF will confirm that the Housing Authority builds a quality housing product, can complete development on time and within budget, and will confirm that cash flow projections are accurate.

GSF's contact information is as follows:

Jim Devany
GSF Properties
jdevany@gsfpi.com
7355 North Palm Avenue, Suite 105
Fresno, CA 93711
(559) 440-1974

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Factor 3: Soundness of Approach

The City's proposed activities to be funded with NSP2 Program funds will be similar to the activities being implemented with NSP1 funds and is as follows:

Developer Acquisition/Rehabilitation of Foreclosed/Abandoned Homes and Subsequent Sale of Homes

Single-Family

The City will use the same developers, selected through a Request for Proposal process for NSP1 to acquire foreclosed homes, perform rehabilitation, and then seek very low- to moderate-income households to purchase homes for NSP2.

As with NSP1, developers will be required to enter into an agreement with the City to perform acquisition and rehabilitation and/or redevelopment of foreclosed properties for NSP2 activities. The developer, under agreement, will be required to negotiate with the lender a discounted home purchase price at a minimum 1% discount below the current assessed market value.

Once the developer has purchased and rehabilitated the home and property, the developer will solicit very low- to moderate-income households to purchase the home. The sales price will always be less than or equal to the combined acquisition and rehabilitation costs; and shall not exceed the appraised value of the home. If a home's acquisitions and rehabilitation costs are above the appraised value, the City will consider granting a portion of the NSP2 funds to the project, in order to make the price affordable to very low- to moderate-income homebuyers. Any profit to the developer will come in the form of a developer fee.

The developers will also be required to be accompanied by their appraiser and their construction contractor to ensure the scope does not exceed the estimated reappraised value. The developers performing work under an agreement will select a lender for the homebuyer but will not be required to enter into an agreement with the lender for services and will not be responsible for the terms being provided to the homebuyer, by the lender.

City Housing Division staff will be responsible for monitoring the terms of the loan to the homebuyer for the conventional loan portion of the home purchase. City Housing Division staff will also be responsible for providing the down payment assistance (silent second loan) for the amount of the rehabilitation work to the homebuyer. Staff will use the same monitoring methods it uses for its current homebuyer programs.

The silent second loan will consist of no monthly payment and no interest. However, the loan will include an equity sharing mechanism as outlined in the Continued Affordability section of the application. The NSP2 loan funds will be recaptured if the home does not continue to be the borrower's principal residence, or if

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all, or any part, of the property or any interest in it is sold, rented, conveyed or transferred for the duration of the period of affordability.

Any funds recaptured as part of the NSP2 Program down payment assistance will be considered program income with 90% used to fund future affordable housing programs and projects.

All of the homes rehabilitated under the program will be required to include energy efficient appliances and weatherization components to help keep energy consumption costs to the homebuyer as low as possible. More information of energy efficient components is included in the Factor 5 section at the end of the application.

Multi-family

The developers, under agreement with the City, will be required to search for the foreclosed or blighted multi-family units, evaluate the rehabilitation work needed, appraise and acquire the property, complete the rehabilitation work, and rent the units to very low- to moderate-income tenants. The selected developers will be developers in the primary business of acquiring, managing and maintaining affordable housing complexes. The City of Fresno will not own any NSP2 assisted multi-family complexes.

The Housing Authority, on the other hand, will acquire and own the multifamily complexes it rehabilitates with NSP2 funds. The Housing Authority will also perform the rehabilitation work for these multi-family activities. The \$3 million allocated to the Housing Authority will be proportioned among selected complexes at a later date. The Housing Authority under agreement with the City will be required to search for the foreclosed complexes, evaluate the rehabilitation work, appraise and acquire the property, complete the rehabilitation work, and rent the units to very low- to moderate-income tenants.

Code of Conduct

The City's Code of Conduct for the NSP2 Program is included with the application at Appendix "A".

Demolition

The City will not use NSP2 funds for demolishing existing foreclosed or abandoned homes.

Expansion of Existing Efforts

The Department's Code Enforcement Division is currently assisting with neighborhood stabilization through the following Ordinances:

- Dangerous Building Abatement (DBO) – The DBO Team focuses on seriously dilapidated structures and works with property owners to return the properties to

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a viable use. Although emphasis is placed on rehabilitation of the structures; some are not feasible to rehabilitate and in some cases requires demolition.

- Vacant Building Ordinance (VBO) – The VBO Team inspects and monitors over 500 vacant building throughout the City to ensure that property owners comply with the City’s building standards. Many of which are residential buildings that contribute to blight. The VBO requires property owners to actively maintain and monitor their vacant building.
- Vacant Foreclosed Property Ordinance (VFPO) – Fresno Municipal Code Section 10-620 establishes a program as a mechanism to protect neighborhoods from becoming blighted through lack of adequate maintenance and security of vacant foreclosed properties. The Ordinance provides for the registration of foreclosed properties that have come within ownership or control of a trustee or beneficiary as a result of default of the borrower and/or foreclosure process.

Rehabilitation Standards

The City will provide guidance on the residential rehabilitation standards using the *Guide to Rehabilitation Standards and Specifications*. The guide standards were developed by the City Planning Department staff and are used for City housing rehabilitation programs and activities funded under the HOME and CalHome programs. The Guide, which was updated in 2007, was prepared in accordance with applicable laws, codes, and other applicable rehabilitation standards and includes the following:

- Uniform Building Code
- Uniform Plumbing Code
- Uniform Mechanical Code
- Uniform Housing Code
- National Electrical Code
- California State Title 19 and Title 25
- City Zoning Ordinance
- City Building Regulations, Chapter 13 International Conference of Building Official’s Building Standards

Additional information on the rehabilitation standards is included in the definitions section as an appendix.

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Commitments

Uses of Funds and Firm Commitments - The City is proposing a distribution of \$10 million in NSP2 funding in the City as follows:

	Administration	\$1,000,000.00
	Developer Acquisition/ Rehabilitation of Foreclosed Homes	\$9,000,000.00
	<u>120% of AMI</u>	<u>50% of AMI</u>
City	\$6,000,000	-0-
Housing Authority	<u>120% of AMI</u> \$500,000	<u>50% of AMI</u> \$2,500,000
Total	<u>120% of AMI</u> \$6.50 Million	<u>50% of AMI</u> \$2.50 Million

The City has obtained firm commitments from the City of Fresno Housing Authority, Fresno Redevelopment Agency, Coalition for Urban Renewal Excellence, 2M Development Corporation, and Habitat for Humanity. The commitments and leveraging is discussed in detail under Factor 4.

Project Completion Schedule

Anticipated HUD award date:	October 1, 2009
City Agreements with Developers:	November 19, 2009
Commence Marketing for Potential Homebuyers:	December 1, 2009
Training for Developers:	December 1-4, 2009
Commence Purchase, Rehab, Resale of Abandoned/Foreclosed Homes:	December 15, 2009
Anticipated first draw of federal funds:	January 15, 2010
Ongoing activities:	January 2010-September 2012
Program Completion date:	October 1, 2012
Submit Reports	As required

It is anticipated that the City will rehabilitate an estimated 125 homes and the Housing Authority will rehabilitation an estimated 75 rental units. It is also anticipated that approximately \$4.6 million in public, private, and commercial funds will be leveraged with NSP2 Program funds.

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Income Targeting for 120 Percent and 50 Percent of Median

As required by the NSP2 Program, the City of Fresno will distribute 100% of the Program funds set aside for activities that benefit persons whose incomes do not exceed 120% of area median income. The City will also ensure that distribution of no less than 25% of the Program funds set aside for activities that benefit persons whose incomes do not exceed 50% of area median income, adjusted for family size in accordance with HUD income limits.

The income limits for Fresno County, adjusted for family size in accordance with HUD income limits for 2009 are as follows.

HUD 2009
Income Limits

No. of Household Members	50% Monthly	80% Monthly	120% Monthly	Very Low-Income	Low-Income	Moderate Income
				50%	80%	120%
				Annual	Annual	Annual
1	\$ 1,629	\$ 2,604	\$ 3,904	\$ 19,550	\$ 31,250	\$ 46,850
2	\$ 1,858	\$ 2,975	\$ 4,462	\$ 22,300	\$ 35,700	\$ 53,550
3	\$ 2,091	\$ 3,350	\$ 5,020	\$ 25,100	\$ 40,200	\$ 60,250
4	\$ 2,325	\$ 3,720	\$ 5,579	\$ 27,900	\$ 44,650	\$ 66,950
5	\$ 2,512	\$ 4,016	\$ 6,025	\$ 30,150	\$ 48,200	\$ 72,300
6	\$ 2,695	\$ 4,316	\$ 6,470	\$ 32,350	\$ 51,800	\$ 77,650
7	\$ 2,883	\$ 4,612	\$ 6,916	\$ 34,600	\$ 55,350	\$ 83,000
8 and over	\$ 3,070	\$ 4,912	\$ 7,362	\$ 36,850	\$ 58,950	\$ 88,350

The City will ensure the funds assist those intended under NSP2 by writing program fund distribution into its agreements with participating developers. Funding distribution will be monitored by the Housing Division staff to ensure compliance with this NSP2 requirement.

Citywide Cost Burden

According to the 2000 Census, 22.8 of owners were overpaying for housing and 47.7% of those had an annual income of less than \$20,000. The percentage of homeowners that spent 30% or more of their household income on gross rent was 29.7%. Also, 47.2% of renters in Fresno spent 30% or more of their household income on rent. The percentage of renters overpaying in 1990 was 50.2% and 91.4% of those had an income of less than \$20,000. By 2006, these figures were 39.0% of owners and 54.1% of renters who spent 30% or more on housing. These statistics show a decline in affordability for both owners and renters.

Although, the cost of purchasing a foreclosed home may be less than it would have been during the housing boom, banks are being very selective and are now heavily scrutinizing a borrower's credit worthiness. The City has no control over this

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lending practice but can refer prospective homebuyers to use of credit counseling reporting agencies that can help individuals improve their credit scores. Many local agencies and service providers are working with the local banks to help get individuals back into the foreclosed homes that have been on the market for months.

The City of Fresno developed the following chart cost burden for housing using HUD's income limits adjusted for family size:

Cost Burden for ≤50% to 120%

Income		1	2	3	4	5	6	7	8
<u>Limit by %</u>	<u>Maximum</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>	<u>Person</u>
≤ 50	Sales Price	\$ 71,625	\$ 81,694	\$ 91,953	\$ 102,213	\$ 110,382	\$ 118,551	\$ 126,721	\$ 134,890
≤ 50	House Payment	\$ 518	\$ 591	\$ 665	\$ 740	\$ 799	\$ 858	\$ 917	\$ 976
51-80	Sales Price	\$ 114,562	\$ 130,900	\$ 147,239	\$ 163,578	\$ 176,687	\$ 189,796	\$ 202,905	\$ 216,014
51-80	House Payment	\$ 829	\$ 947	\$ 1,066	\$ 1,184	\$ 1,279	\$ 1,374	\$ 1,468	\$ 1,563
81-120	Sales Price	\$ 171,937	\$ 196,256	\$ 220,764	\$ 245,272	\$ 264,841	\$ 284,599	\$ 304,168	\$ 323,736
81-120	House Payment	\$ 1,244	\$ 1,420	\$ 1,598	\$ 1,775	\$ 1,917	\$ 2,060	\$ 2,201	\$ 2,343

According to a Truila Real Estate Search, May 2009 estimate, the median price for a three bedroom home in Fresno was \$114,750.00. A monthly payment for a loan amount of \$109,013, interest rate of 5%, loan term of 30 years, start date of June 2009, property tax at 1.25, and private mortgage insurance at .05%, would be \$744.18.

This \$744.18 level of mortgage payment would be affordable to all household in the five-person category as well as all households in the 81-120% of area median income, 51-80% of area median income, and half of the households at the 50% and below of area median income.

The current price per square foot for a three bedroom house is \$85 per square foot. Three months ago, the price was \$95 per square foot. One year ago, it was \$136.00 per square foot.

The City's program for NSP1 specifically details the funding set aside for the 50% of area median income and below and the set aside for the 51% to 120% of area median income. This program will also be used for implementation of NSP2. The City believes this will provide for substantial time and cost saving in administering and implementing NSP2.

Details of the funding breakdown for the various proposed activities are explained further under Commitments. Also, the City will monitor activities to ensure the expenditures meet the NSP2 income targeting requirement.

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Continued Affordability

Minimum Requirements for Continued Affordability - In accordance with NSP2 Program affordability requirements, and to ensure continued affordability of the units assisted with NSP2 Program funds, the City has adopted an affordability period of 30 years for acquisition/sale activities and 55 years for acquisition rental activities.

Single-Family

The City will ensure an applicable affordability period of acquisition/sale activities assisted under the NSP 2 Program by including similar affordability covenants in its agreement with the homebuyer by using a template rider to the Deed of Trust that contains the follow language:

"The Trustor (herein "Borrower") understands and agrees that the Note secured by this Deed of Trust is made for the sole purpose of assisting in the purchase of the Borrower's home as their principal place of residence. Therefore, the Borrower understands and agrees that said Note secured by this Deed of Trust shall be immediately due and payable upon the earlier of (1) upon any change in residency of the Borrower from the Borrower's home used as security for the Note described above, unless having obtained the written consent of the Beneficiary (herein "Lender"); (2) upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Property, or any interest in the Property. A "sale or transfer" means the conveyance of the Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Property, or by any other method of conveyance of land interest.

Borrower also assigns to Lender all rents, issues and profits from said real property reserving, however, the right to collect and use the same so long as there is no existing default hereunder, and does hereby authorize Lender to collect and recover the same in the name of Borrower or his successor in interest by use of any lawful means.

The Lender and Borrower acknowledge and agree that this security instrument is second and subordinate in all respects to the liens, terms, covenants and conditions of the first Deed of Trust and shall not impair the rights of any institutional lender which is the maker of a loan secured by such first deed of trust, or such lender's assignee or successor in interest, to exercise its remedies under the deed of trust in the event of default by the Borrower. These remedies include the right to foreclosure or exercise a power of sale or to accept a deed or assignment in lieu of foreclosure. The terms and provisions of the first Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in

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lieu of foreclosure of the first Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the property to low or moderate income households or otherwise restricting the Borrower's ability to sell the property shall have no further force or effect on subsequent owners or purchasers of the property. Any person, including his successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the property through a foreclosure or deed in lieu of foreclosure of the first Deed of Trust shall receive title to the property free and clear from such restrictions.

In the event of a catastrophic occurrence that results in the property having to be sold, the portion of this existing second mortgage lien that results in the combined loan-to-value ratio being more than 100% of the value of the property will be released with no forgiveness of that portion of the debt, and the contemporaneous execution of an unsecured promissory note equal to the amount released from the second mortgage, and a modification agreement that reduces the secured debt of the existing second mortgage by the amount of the new unsecured promissory note.

Period of Affordability: The minimum period of affordability for this program is fifty-five (55) years. Year one shall be the 12-month period following issuance of the Certificate of Completion of the home which is the subject hereof, with each succeeding year beginning on the anniversary thereof and ending 12 month hence. There will be no partial years.

Recapture of Funds: The City of Fresno requires that NSP2 Program funds be recaptured if the home does not continue to be the Borrower's principal residence or if all or any part of the property or any interest in it is sold, rented, conveyed or transferred for the duration of the period of affordability. If the net proceeds are not sufficient to recapture the full investment plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement investment made by the owner since purchase, the City of Fresno may share the net proceeds. The net proceeds are the sales price minus superior loan repayment (other than NSP2 funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formula:

<u>NSP2 investment</u>	x	Net proceeds	=	<u>NSP2 amount to be recaptured</u>
NSP2 investment + homeowner investment				
<u>Homeowner investment</u>	x	Net proceeds	=	<u>amount to homeowner</u>
NSP2 investment + homeowner investment				

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In the event of foreclosure, the amount subject to recapture is based on the amount of net proceeds (if any) from the foreclosure sale.”

If the City uses NSP2 funds to assist a property that was previously assisted with HOME Program funds, the City will require that the NSP2 affordability restrictions begin at the onset of the sale to the new property owner.

Multi-Family

The City will further ensure the affordability of the homes assisted under NSP2 by including an affordability restriction clause in its agreement with developers for rental housing as follows:

“Covenants and Restrictions to Run with the Land. The City and Developer expressly warrant, covenant and agree to ensure that the covenants and restrictions set forth in this Agreement are recorded and will run with the land, provided, however, that, on expiration of this Agreement and the Affordable Housing requirements therein, said covenants and restrictions shall expire, and further provided that such covenants and restrictions (other than affordability restrictions) shall be subordinated to the priority of the construction or permanent lenders if required by such lenders. Developer further warrants, covenants and agrees to ensure that the covenants and restrictions set forth herein shall run in favor of the City.

The City and Developer hereby declare their understanding and intent that the covenants and restrictions set forth herein directly benefit the land (a) by enhancing and increasing the enjoyment and ownership of the proposed project by certain very low- to moderate-income families, and (b) by making possible the obtaining of advantageous financing for construction.

Developer covenants and agrees that until the expiration of the affordability period it shall cause the affordable rental housing to be used for affordable housing.

Without waiver or limitation, the City shall be entitled to injunctive or other equitable relief against any violation or attempted violation of any covenants and restrictions, and shall, in addition, be entitled to damages available under law or contract for any injuries or losses resulting from any violations thereof.

All present and future owners of the rental housing and other persons claiming by, through, or under them shall be subject to and shall comply with the covenants and restrictions. The acceptance of a deed of conveyance to the rental housing shall constitute an agreement that the covenants and restrictions, as may be amended or supplemented from time to time, are accepted and ratified by such future owners, tenant or occupant, and all such covenants and restrictions shall be covenants running with the land and shall

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bind any person having at any time any interest or estate in the housing, all as though such covenants and restrictions were recited and stipulated at length in each and every deed, conveyance, mortgage or lease thereof.

The failure or delay at any time of the City or any other person entitled to enforce any such covenants or restrictions shall in no event be deemed a waiver of the same, or of the right to enforce the same at any time or from time to time thereafter, or an estoppel against the enforcement thereof.”

Affordability restrictions will also be included in a Declaration of Restrictions recorded against the property.

Consultation, Outreach, Communications

Prior to receipt of the NSP1 award, the City held several community meetings to inform the public of the City’s intent to receive the funding and sought input from residents regarding the best use of funds and for what areas. A notice regarding the NSP1 award of federal funds was published in the Fresno Bee. As a result of the publication, the City received several inquires and questions regarding the use of funds. A public presentation was presented to the Fresno City Council about the program and the applicable use of funds. Housing staff also met with the City’s Downtown and Community Revitalization Department, the Fresno Housing Authority, Redevelopment Agency and the local building community. There was also a September 2009 Fresno Bee news article about the City’s receipt of \$10.9 million in NSP1 funds.

Housing staff is holding mandatory meetings with all partners and developers to discuss program obstacles, opportunities and strategies. Additionally, each developer will be required to meet separately with City staff on at least a monthly basis, to determine the developer’s ability to meet the requirements of NSP2 and assess the impact to neighborhoods. As part of the Division’s customer service, staff will also assist the developers by answering questions, directing them to applicable program guidelines and explaining program procedures.

NSP1 is considered to be in its formative/implementation stage, with components of the activities to be streamlined prior to any award of NSP2. The City will be looking for ways to reduce activity time while improving quality control. In any case, the City has implemented many new programs and all with success, therefore the City anticipates that the NSP1 will be completed on time with optimum results, and if awarded NSP2 funding, anticipates a much smoother implementation period with even more visual accomplishments in the proposed areas.

Public Participation NSP 2

Public participation included a Fresno Bee newspaper public notice, informing the Housing and Community Development Commission and 10X10 Committee; both a recommendation body to the City, of the City’s intent to pursue \$10 million in NSP2 funding for a proposed project that is identical to the NSP1 activities.

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The public notice was published in the Fresno Bee (the local newspaper) on July 4, 2009 as follows:

PUBLIC NOTICE
NEIGHBORHOOD STABILIZATION PROGRAM 2

The City of Fresno hereby notifies interested persons that it will submit, on or about July 15, 2009, an application to the U.S. Department of Housing and Urban Development for \$10 million in Neighborhood Stabilization Program 2 (NSP2) funds available under the American Recovery and Reinvestment Act of 2009. If the City receives an award of NSP2 funds, the funds will be used for acquisition and rehabilitation of foreclosed and/or abandoned homes, and subsequent sale to very low- to moderate-income households and rehabilitation of foreclosed multifamily complexes for subsequent rental to very low- to moderate income tenants. Program activities will be undertaken in various south west, east, and central areas of Fresno. Citizens are encouraged to submit comments to Corrina Nunez at the Housing and Community Development Division, 2600 Fresno Street, Rm 3070, Fresno, CA 93721, or by calling (559) 621-8506, or via e-mail at corrina.nunez@fresno.gov. Comments will be received until July 14, 2009, at 3:00 p.m.

Public participation included a Fresno Bee newspaper public notice, informing the Housing and Community Development Commission; a recommendation body to the City, and the 10X10; an advisory agency, of the City's intent to pursue \$10 million in NSP2 funding for a proposed project that is identical to the NSP1. Public comments received in response to the publication and meetings are included in the appendices.

In preparation of the NSP2 grant application, City staff was in conversations with the Housing Authority to discuss the best method for including the Housing Authority as a partner to perform work in areas where Housing Authority units are concentrated.

Ensure Outreach to Low-Income Households

To ensure outreach to low-income households, the City will use its Affirmative Marketing Policy. The Policy is a commitment of the legislative body, City staff, and the Program participants. The participants share responsibility with the City of Fresno in informing the public about the federal Fair Housing laws, soliciting eligible persons without regard to race, color, national origin, sex, sexual orientation, source of income, religion, familial status, or disability into the affordable housing market and evaluating the effectiveness of these marketing efforts.

The purpose of the Policy is to further the City of Fresno's commitment to non-discrimination and equal housing opportunity. The City establishes procedures to affirmatively market units constructed or rehabilitated under the HOME Program.

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The Affirmative Marketing Policy of the City of Fresno assures that individuals who normally might not apply for available housing units because they are socially and/or economically disadvantaged be informed of available units, be encouraged to apply for available housing, and be provided an equal opportunity to rent/own their own units. The City will use HUD logos in its presentations and display the Equal Housing Opportunity logo/slogan where NSP2 funds are used.

Each participant/developer of an NSP2 housing project will be required to incorporate an Equal Housing Opportunity statement and logo in its correspondence, and purchase advertisements in the Fresno Bee and other minority newspapers advertising vacant units in advance of selecting a homebuyer, without holding units off the market. In order to solicit proposals from persons in the housing market area that are socially and economically disadvantaged individuals, the participants/developers will also be required to notify the Housing Authorities of the City and County of Fresno, local Fair Housing Office, Social Security Office, Veterans Administration Office, or other agencies that provide service to economically disadvantaged individuals.

The City will keep records of the action taken to affirmatively market units and records assessing the actions such as copies of all meeting agendas and minutes, and copies of correspondence, agreements, reports and any home buyer surveys conducted before and after new rehabilitation of NSP2-funded units. The City will also request owners of property assisted under NSP2 to maintain records of how vacancies were advertised and records showing how applications filed by ethnicity, race, gender, and disability, if any. The report information will be included in the City's performance and evaluation of the NSP2.

If the City finds that specific groups are represented (particularly Hispanics, African Americans, Asians/Pacific Islanders, American Indians, persons with disabilities and women), the City will assume that the Affirmative Marketing procedures were effective. If one or more groups are not represented within the context of existing neighborhood composition, the City will review its procedures to determine what changes, if any, might be made to make the Affirmative Marketing efforts more effective.

The City of Fresno will take immediate and corrective action if it is determined that a participant/developer has failed to carry out Affirmative Marketing efforts as required. Corrective action may include loss of further participation, repayment of NSP2 funds, or debarment from future participation in City projects and programs.

To ensure that the prospective very low- or moderate-income homebuyer is a well prepared and well informed homeowner, the City will require the prospective homebuyer to enroll and complete a homeownership train class. The City's NSP2 proposed partner, the Housing Authority, among other agencies, provide these homeownership training classes for prospective buyers.

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Ensure Continued Occupancy and Residency

Prospective homebuyers will be required to attend a 16-hour homebuyer education training class. Classes are offered in both English and Spanish and each participant is provided a training manual in their primary language.

Homeownership training agendas include the following:

- Introduction - Welcome, overview of buying a home, who's who, housing needs and self assessment, local housing market, application for credit report.
- Credit Education - Understanding a credit report, credit defined, credit tips, action plan, consumer rights, possible actions after credit review, credit counseling, credit repair letters.
- Budgeting - developing a budget, monthly budget planner, reducing debt.
- Housing Affordability - Figuring affordability and housing costs, money-saving tips, matrix of assistance programs.
- Loan Application and Insurance - Homeowner insurance, title insurance, life, health, and disability insurance.
- Real Estate and Closing Documents - Escrow, holding title, closing costs.
- Maintenance - Developing a home maintenance plan, hiring a contractor, pest control, safety and security. Hands-on-time for landscape maintenance, painting, decorating, and basic plumbing, electrical and appliance upkeep.
- Wrap-up - Neighborhood involvement, evaluation of action plan, certificates of completion, evaluation of course form.

Although mortgages loans are now being regulated, first-time homebuyers will have many questions that can be answered through these classes. Most importantly, financial literacy is a major factor to the long-term sustainability of homeownership and asset building for lower-income buyers.

Performance and Monitoring

General Oversight and Administration

Housing Division staff will maintain direct program oversight for NSP2.

Qualified and experienced Housing Division staff will provide oversight and approval of home selection and homebuyer approval of all activities funded through NSP2. Staff will also provide intense home selection, scope writing guidance, and homebuyer selection eligibility training to all partners and developers. During the first 6 months of funding, the City will review all homes for funding feasibility and all potential

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homebuyers for eligibility. As the program progresses, staff will re-evaluate the need to continue to review each homebuyer loan that is processed.

Training

Housing Division staff will provide training sessions to the developers participating in NSP2. Initially, the sessions will be held frequently until the developers are comfortable with the program requirements and their obligation under their agreement with the City. As the developers become more familiar with the program requirements, the sessions will become less frequent.

Reporting Requirements

All participating developers will provide a monthly written performance report documenting satisfactory performance of all services required under NSP2. The agreement, between the developer and the City, will detail the frequency and forms necessary for compliance with the NSP2. The report will be in a format as prescribed by the City and will provide data on homes purchased/rehabilitated as part of the program, project homebuyers selected for participation in the program, including the number of persons served, the racial composition, the percentage that are of low- and moderate-income, and the number of female-headed households. The monthly report will also state the progress being made and steps taken to advise the City of any problems that may affect the successful completion of the NSP2 activity. Staff will ensure that the forms are complete and submitted in a timely manner.

Developer Coordination and Direct Reporting

Housing staff will coordinate mandatory developer meetings where all partners and developers will be required to meet as a group to discuss program obstacles, opportunities and strategies. Meetings with staff on NSP2 requirements will ensure 100% compliance with the NSP2 procedures. As part of the Division's customer service, staff will also assist the developers by answering questions, directing them to applicable program guideline sections and explaining program procedures.

On-Site Monitoring

Housing staff will provide on-site monitoring of rehabilitation work underway to ensure the work meets health, safety and state and local building codes. Staff will conduct regular unit inspections, review records, and attend any construction related meetings to ensure the proper use of NSP2 funds. The reports outline the site conditions, workers performing work on the site, percent of work completed at the site, and any conversation with persons working at the site. Once the rehabilitation activity is completed, the City will use its internal monitoring procedures to close out each home. This includes completion of a monthly on-site monitoring form that is to be kept in each activity file. An Excel spreadsheet will be maintained to ensure the due dates are calendared and staff is alerted to obtain the reports.

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Labor Compliance

The City will use its federal labor compliance procedures manual to ensure compliance with Davis-Bacon prevailing wage requirements under the program. City staff is proficient in the monitoring of certified payroll under the Davis-Bacon Act and will ensure this requirement is met. As evidence of staff's proficiency, the City successfully passed a HUD audit performed by the Regional Director of Labor Compliance.

Once the homes are purchased, the City will ensure that the homebuyer is still residing in the home as a principle place of residence by requesting a self-certification form from the homeowner on an annual basis. The City currently has all participating Mortgage Assistance clients perform this self-certification for the City's activity files.

The City also has annual external audits that are performed by Macias, Gini, and O'Connell, a Certified Public Accounting firm. The external auditors review randomly selected files to ensure compliance with finance procedures of federal and state funding awards.

Factor 4: Leveraging other funds

The City has obtained firm commitments from the City of Fresno Housing Authority, Fresno Redevelopment Agency, Coalition for Urban Renewal Excellence, and Habitat for Humanity. The commitment letters are attached as an appendix to the application.

<u>Organization</u>	<u>Type of Commitment</u>	<u>Amount</u>
Redevelopment Agency	Housing set aside	\$1,000,000
Housing Authority	General funds	\$2,400,000
CURE	In-kind/private	\$1,000,000
Habitat for Humanity	General funds	<u>\$ 250,000</u>
Total		\$4,650,000

2M Development Corporation has submitted a commitment letter to participate but did not specify a dollar amount for NSP2 type activities. The other funding commitments consist of private organizational funds and/or in kind activities.

The leveraging ratio is .465:1 ($\$4,650,000/\$10,000,000=.465$). The \$4,650,000 leverage of funds committed to the City's neighborhood stabilization efforts will contribute to the overall efforts by increasing the overall goal by 116 units based on an approximate expenditure of \$40,000 per unit. If the per unit subsidy is greater, the 116 units will increase or decrease accordingly. Additionally, if the City does not receive the full \$10,000,000, the ratio will increase accordingly. If the City acquires new program participants, those participants will also be asked to provide a commitment of funds to the overall goal of neighborhood stabilization.

All of the organizations that have provided a commitment of funds are in the primary business of providing affordable housing. The commitments serve to further

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their business goals as well as those goals of the neighborhood stabilization program. It is anticipated that the leverage capital will make a huge impact to communities saturated with foreclosed. The participant’s leveraging of capital coupled with NSP2 funds is essential to targeting communities that would have been overlooked had this funding opportunity not be available. Also, the City would not have had the opportunity to create such a large investment into these high foreclosure-concentrated neighborhoods. The City is confident that these neighborhoods and communities will benefit from the attention and investment of dollars.

Since the City uses primarily HUD HOME and CDBG Program funds to operate its Housing Division, the City will not be contributing to the pool of leveraged funds. Instead, the City proposes to contribute housing staff’s expertise. Staff’s combined experience equates to more than 35 years delivering affordable housing to the City of Fresno residents and its communities.

Also, the City’s Code Enforcement is contributing greatly to the monitoring of foreclosed homes and the affects on the neighborhoods. Code Enforcement is carrying out these activities using City General Funds and Cost Recovery Funds. The total amount of these combined funds is \$3,362,300 of which \$571,200 is set aside specifically for enforcement of the Vacant Building Ordinance.

Factor 5: Energy efficiency improvement and sustainable development factors

Transportation Accessibility

The City’s Fresno Area Express will also provide transportation service to the City’s target areas. The service route and headway are as follows:

<u>Area</u>	<u>Route Headway</u>		<u>Route Headway</u>		<u>Route Headway</u>		<u>Route Headway</u>	
1	9	30 Min	28	15 Min	38	15 Min		
2	9	30 Min	38	15 Min	45	60 Min		
3	33	30 Min	35	30 Min	38	15 Min	41	30 Min
4	38	15 Min	22	30 Min	28	15 Min	41/33	30 Min
5	38	15 Min	33	30 Min	34	15 Min	35	30 Min
6	33	30 Min	34	15 Min	38	15 Min	22	30 Min
7	32	30 Min	33	30 Min	34	15 Min	35	30 Min
8	22	30 Min	28	15 Min	32	30 Min	33/34	30/15Min
9	9	30 Min	20	30 Min	22	30 Min	41	30 Min
10	20	30 Min	2	30 Min	41	30 Min		
11	9	30 Min						
12	22	30 Min	33	30 Min	38	15 Min	41	30 Min
13	34	15 Min	35	30 Min	38	15 Min	41	30 Min
14	9	30 Min	28	15 Min	34	15 Min	38	15 Min
15	20	30 Min	22	30 Min	41	30 Min		

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A bus rapid transit plan is proposed for Kings Canyon/Ventura from Fowler Avenue into the downtown area and possibility north to Manchester shopping center along Blackstone Avenue; a major transportation corridor. The bus rapid transit plan proposes bus service in area 4 (Tulare/Cedar/Kings Canyon/Chestnut) and area 8 (Belmont/Fresno/Kings Canyon/East).

The City's Fresno Area Express will also provide transportation service to the Housing Authority's target areas. The service route and headway are as follows:

<u>Area</u>	<u>Route Headway</u>		<u>Route Headway</u>		<u>Route Headway</u>		<u>Route Headway</u>	
1	34	15 Min	35	30 Min	38	15 Min		
2	32	30 Min	34	15 Min	41	30 Min		
3	26	30 Min	28	15 Min	41	30 Min		
4	30	15 Min						
5	26	30 Min						
6	30	15 Min	32	30 Min	38	15 Min		
7	26	30 Min	28	15 Min	41	30 Min		
8	26	30 Min	28	15 Min	34	15 Min		
9	33	30 Min	35	30 Min	39	30 Min	41	30 Min
10	38	15 Min	45	60 Min				

Energy Efficient Elements

The City will utilize components of its former Weatherization Program to help homeowners purchasing a home with the NSP2 funds, lower their monthly utility costs. The Weatherization Program provides for less energy consumption through upgrades. Some of the weatherization components to be used include, but are not limited to, the following:

- Weather stripping exit doors on main structure (including shoes)
- Replacement of damaged or missing single pane windows
- Installation of solar/aluminum screens
- Installation of water heater blankets with R-11 rating
- 36" steel, wood, or fiberglass exterior door with all jambs and threshold (six panels) w/new hardware, hardware and window, new hard fiberglass door grain stainable design ware
- Repair of outdoor faucet water leaks, sprinklers and/or evaporative coolers for float adjustment
- Inspect/repair of HVAC including: diagnosis, leak search and repair, freon replacement up to 3 lbs, clean exhaust vents and condenser, adjust heater flame, seal/repair all loose ducting
- Inspection/repair of evaporative coolers
- Adjustment to level of the water in the water heater, repair leaks, installation of new filters, secure brackets and repair water lines

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- Installation of new roof mount wind turbines to insure proper air movement for attic
- Removal and disposal of existing water heater
- Installation of new water heater of similar size and type with new water heater blanket
- Installation seismic straps and plumbing as required by the building code

As California and the San Joaquin Valley brace for another drought, the City of Fresno is doing its part to conserve water by imposing fines for all daytime outdoor irrigation. This ban was imposed in April of 2009 after California's Governor declared a drought and asked cities to conserve water consumption. The ban is intended to reduce Valley water consumption by 20%, after learning that the San Joaquin Valley would only receive 85% of its federal water allotment this summer. Therefore, repairs to water leaks for the homes being assisted under NSP2 will be of paramount importance.

Developers rehabilitating homes using NSP2 funds will be required to include energy star appliances to help further the efforts to reduce energy consumption. This requirement also applies to the use of drought tolerant trees and plants used for landscaping.

The City will also provide developers with the City's Fresno Green Residential checklist of energy efficient items for use on development of individual homes, multi-family complexes or residential subdivisions. The checklist provides useful guidance on what green item(s) can be incorporated into housing rehabilitation and development(s). Of the applications received in the Planning Department recently, about 70% participate in the Fresno Green Program. Developers can also use the City's Fresno Green logo for marketing of their development.

To further the City efforts on energy efficiency and green sustainability, on July 1, 2009, the City of Fresno began operating the Sustainable Fresno Division. Prior to the creation of the Division, the City had implemented many green initiatives since 2004. The Sustainable Fresno Division is now part of the Planning and Development Department and will focus on developing and launching new energy and water efficiency, conservation, innovation and financing programs, and related new planning policies and codes that increase and reserve resources for continued and sustainable economic growth while concurrently achieving important air quality and climate stability goals contained in AB 32, SB 375, and the Fresno 2025 General Plan and forthcoming amendments.

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Sustainable Fresno programs will include:

- New State-of-the Art Green Building, Zoning, and Form-Based Codes, and Resource Efficient Land Use Plans and Policies supported by Development Permit Streamlining;
- Metro Scale Energy and Water Efficiency Education, Auditing and Retrofit Programs;
- Renewable Energy Project Design, Grant Seeking, Permitting, Deployment and Management Support;
- Green Jobs and Contractor Training with Fresno Workforce Connection, Business, Labor and Community;
- Sustainable Fresno Website Tools - Education - Standards - Measurement - Reporting and Accountability;
- Sustainable Fresno Revolving Loan Bank for Metro Scale Energy and Water Efficiency Improvement Financing;
- Sustainable Fresno Surcharge PLUS Energy and Water Urban Growth Capacity Reservations;

Sustainable Fresno is designed to be an extension of the aforementioned Fresno Green Program and to accelerate the transformation of the City of Fresno and the Fresno Metropolitan Area into a measurably sustainable and competitive enterprise by 2025. Sustainable Fresno will seek partnerships with other public agencies and Pacific Gas and Electric (PG&E) programs focusing upon weatherization and efficiency retrofits in order to produce coordinated, complementary, and leveraged results.

Initial Sustainable Fresno funding will come from the Energy Efficiency and Conservation Block Grant (EECBG) -formula funding - from the U.S. Department of Energy in the amount of \$4,603,600.

Sustainable Fresno staff will be available to perform energy and water conservation audits for NSP2 activities. The goal of this program is to reduce the consumption, and as a result, the relative cost for energy and water throughout the Fresno Metropolitan Area and to demonstrate measurable resource savings that can become the basis for negotiating reserve capacities with PG&E and the City Department of Public Utilities to accommodate future energy and water resource needs required for continued economic growth, urban development, and fiscal sustainability.

Factor 6: Neighborhood Transformation and Economic Opportunity

The proposed NSP2 activities will help the City of Fresno to eliminate the appearance of blight in neighborhoods and increase the economic vitality of the areas as well as reestablishing pride in one's neighborhood. NSP2 funds will represent a tool for creating sustainable communities and will play an integral part in promoting revitalization efforts.

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NSP2 activities will also help the City to fulfill Regional Blueprint Plans⁶ for providing affordable housing and stabilizing communities, as NSP2 funds will be used in heavily concentrated foreclosure areas within the City. An award of NSP2 funds will provide hope and promise for neighborhoods being threatened by the domino effect of foreclosures and will help the City of Fresno address the following Smart Growth Principles:

- Create a range of housing opportunities and choices;
- Encourage community & stakeholder collaboration;
- Foster distinctive, attractive communities with a strong sense of place;
- Strengthen and direct development towards existing communities;
- Enhance the economic vitality of the region;
- Support actions that encourage environmental resource management.

NSP2 funds will provide many low-income families with financial asset building so that they may experience the pride of homeownership and provide for their families in a manner that significantly elevates their quality of life and in turn helps to revitalize and stabilize communities and neighborhoods within the city.

The Central Valley's continued double-digit unemployment and the rising cost of gas and electricity keeps many families from ever dreaming of homeownership. The State's lingering recession continues to scare families from seeking to borrow a mortgage loan. This, coupled with the flood of foreclosures, casts a negative outlook for homeowner and prospective homebuyers. It is anticipated that NSP2 will entice households to seek rehabilitated foreclosed homes as an affordable housing alternative.

The City offers many great first-time homebuyer incentive programs, however, the cost of home prices, although relatively lower than in most other California cities, still show a huge gap between the price of the home and the amount allowed under down payment assistance programs.

Although economic development continues to be a top concern for the Central Valley, the City remains optimistic in its efforts to support jobs task forces and workforce initiatives. Apart from the City's continued support for job growth and job creation, the immediate ideas for asset building among lower income persons include some of the following:

- Sponsor and promote asset building strategies and techniques through the Housing Resource Center;
- Solicit the assistance of experts from around the Valley that can share in ideas and strategies for those on a limited income;

⁶ The San Joaquin Valley Regional Blueprint Plan, Smart Growth Principles (page iii) is located at: http://www.fresnocog.org/files/Blueprint/Fresno%20County%20BP%20Document%20Revised%20Final%20for%20translation%205_27_09.pdf

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- Offer financial training that is compatible with the multitude of cultures and languages that make up the Central Valley;
- Continue to support federal and state homeowner programs currently in use.

The City is currently participating in the following array of homeownership programs offered to low- and very low-income families who are purchasing their first home:

- U.S. Department of Housing and Urban Development, Home Investment Partnerships (HOME), Program that provides mortgage assistance to low- and moderate-income homebuyers;
- U.S. Department of Housing and Urban Development, Community Housing Development Organizations (CHDO) developments by agencies such as Self Help Enterprises and Housing Assistance Corporation, the Coalition for Urban Renewal Excellence, Habitat for Humanity, and other non-profit groups and organizations that promote housing for low-income families;
- State of California Department of Housing and Community Development CalHOME Program that provides mortgage assistance to very low-income homebuyers with the purchase of their first home.
- State of California Department of Housing and Community Development BEGIN Program that provides mortgage assistance to low- to moderate-income homebuyers with the purchase of their first home.

The City's State-approved Housing Element provides for a strategic plan to deliver affordable housing to low- and moderate-income families and include, but not limited to, the following:

- New construction of 8,000 plus units of affordable housing – increasing affordable housing for low- and very low-income families with emphases on large family households (more than 5 family members);
- Housing rehabilitation and acquisition of 2000 units – improving the existing affordable housing stock;
- Redevelopment of 90 units – increasing housing opportunities by revitalizing neighborhoods and communities in the inner city;
- Infill housing; creating 300 units – stabilizing existing and older communities and neighborhood.

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Neighborhood Transformation Approach

	<u>Action</u>	<u>Outcome</u>
Purpose	Revitalize foreclosed/abandoned homes	Restore property values in neighborhoods
Strategy	Partner with developers to repair as many homes as possible in target areas	Select properties for maximum visual impact
Focus	Areas with the greatest need	Diversify neighborhoods with varying income levels
Program	Leverage NSP2 funds to the greatest extent possible	Achieve quantified objectives
Outcome	Assist with homeownership, neighborhood stabilization, asset building, long-term affordability	Neighborhood transformation

Final transformation will be measured when homeowners, bankers, real estate agencies, neighbors, prospective homebuyers, and community stakeholders begin defining and associate a neighborhood by its assets and strengths rather than its weaknesses.

Economic Opportunities

Economic opportunities will be recognized through jobs saved and added in construction and reinvigorating stagnant real estate related industries as well as asset building for low- to moderate-income homebuyers. Homeowners currently living in neighborhoods with foreclosed homes will also recognize increased property values once the homes are rehabilitated and the neighborhood is stabilized. Additionally, social and financial investment will occur when other homeowners begin reinvesting in their neighborhood.

The longer term economic outlook may be slow to occur but will most likely not fall again into the current state of distress. The foreclosure crisis brought on by predatory lending practices can be regulated, and with help from the federal government, is not likely to occur again in the near or distant future.

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Regional Coordination

California's eight San Joaquin Valley counties (Fresno, Kern, Tulare, Kings, Merced, Madera, Stanislaus, and San Joaquin) have a combined population of approximately 3,863,000. Each of the eight counties has been severely impacted by the foreclosure crisis over the past months and years. Several county communities, including the City of Fresno, have been noted nationally for their high rates of foreclosures and abandoned properties.

The affects of over-valuation, over-building, rising foreclosure rates, declining property values, and rising unemployment continue to be the common tread among these the San Joaquin Valley counties. To that end, units of local government and non-and for-profit entities, including the City of Fresno, are submitting an application for NSP2 funds to address foreclosures and related issues in their respective jurisdiction.

Although the applications are being submitted separately HUD, with separate geographic target areas, the sum of the greater goal is to address the overlaying issues of the foreclosure crisis in the San Joaquin Valley on a regional level. To facilitate a regionally coordinated effort, lead applicants from across the Valley have discussed their individual and mutual intent to address the issues of foreclosure in their respective cities and counties with the full cooperation and understanding that the issues being experienced in one area are being experienced throughout the entire Valley:

Regional NSP2 lead applications are as follows:

- City of Fresno
- County of Fresno
- County of Tulare
- County of Madera
- County of Stanislaus
- County of San Joaquin
- County of Kern

In addition to the above applicant's expressed concern for the disproportional number of foreclosures in the regional, each of these applicants are committed to joining in combating foreclosures and believe that through this regional effort, these entities will have more effectively addressed the issues of foreclosure in the San Joaquin Valley.

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Housing Authority (Consortium Information)

Factor 1: Need/Extent of the Problem

Throughout the City of Fresno, there are numerous small multifamily complexes (2-10 units) which are now in foreclosure. In their current condition these properties are difficult to market, as they are often in disrepair and lack the attractiveness and the cost efficiencies of larger sized complexes. The Housing Authority is proposing to partner with the City of Fresno under NSP2 to acquire such properties, located in 10 targeted geographic areas. The acquisitions will be made in collaboration with another program to address blight and redevelopment, such as Fresno Redevelopment Agency (RDA) rehabilitation program, in order to maximize the neighborhood stabilization impact.

Factor 2: Demonstrated Capacity of the Applicant and Relevant Organization Staff

The Housing Authorities of the City of Fresno (HA) has been in operation in the Fresno area since the early 1940's. Since that time, the organization has grown to provide housing programs to over 20,000 households in the community. Ongoing responsibilities include operation of housing assistance programs, development and redevelopment of new housing units, and leadership in the area of affordable housing throughout the Fresno region. Listed below are some programs highlights of the Housing Authorities more recent activities.

On behalf of the RDA, the Community Housing Partnership program (CHPP) uses local tax dollars to perform rehabilitation work throughout the City of Fresno. The program is in its 10th year of operation. CHPP offers minor rehabilitation grants (\$8,500) for cosmetic improvements and major loans (\$39,500) for larger rehabilitation projects. Also, the HA is currently finalizing an agreement with the City of Fresno to perform activities under NSP1. Below is a list that highlights CHPP activities.

- Within the past 9 years, CHPP has remodeled approx. 1,600 single family homes (172 within the past 24 months)
- Acquiring boarded up homes for remodeling
- Purchase of in-fill (vacant) lots to place new-construction homes in place
- Works to qualify moderate to low-income families for purchase of the projects

The HA also operates a non-profit affiliate that assists in the development of properties. Better Opportunity Builders (BOB) is the Managing General Partner on over 1,500 units in the Central Valley and has developed nearly 200 units of newly constructed multi-family housing. BOB is a co-developer on the HOPE VI Yosemite Village multi family complex.

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Two recent projects, scheduled to be completed this year, have provided the HA with additional experience as a developer.

- The Authority was awarded a \$20 million HOPE VI HUD grant. With these funds the Housing Authority developed a homeownership tract in West Fresno. Sierra Pointe is a 53 unit subdivision scheduled to be complete in Fall 2009.
- Yosemite Village is a 69 unit former public housing site that has been re-developed with a combination of HOPE VI funds and Low Income Housing Tax Credits (LIHTC). The original site consisted of 33 units that were rehabilitated with HOPE VI funds. 36 new construction units have been added with tax credit funding.

The HA has developed nearly 500 units of non-public housing, serving in a variety of roles including, developer, and guarantor, and has been its own developer for all PHA public housing for the last 50 years. Through the HOPE III program, over 200 single-family homes were acquired and re-sold to eligible families.

The HA has compiled a team of knowledgeable and experienced individuals, organizations, and programs to implement the activities required for the Neighborhood Stabilization Program2.

Staff working with NSP2 includes the following:

Victoria Johnson, Director of Planning and Community Development Ms. Johnson will provide oversight of the NSP 2 funds. Working with City staff, Ms. Johnson will identify the project sites, assist in the scheduling of events, and ensure the target areas are served.

Lowell Ens, Development Manager Mr. Ens will be the first point of contact for the HA. This position will coordinate all aspects of the project between the HA and the City of Fresno. Mr. Ens will work with the City of Fresno Project Manager to ensure all necessary activities are carried out. Mr. Ens will also play a major role in the development of Requests for Proposals (RFP's), selection of a real-estate finance specialist and Neighborhood services specialist.

Tim Linton, Community Development Manager Mr. Linton is the Director of the CHPP program. Mr. Linton will assist in the selection of contractors. All project construction related items will be reviewed by Mr. Linton. Mr. Linton is also the Project Manager administering NSP 1 funds with the City of Fresno.

Michael Duarte/Welton Jordan- Finance Analyst The Finance Analyst position will be the HA lead with regard to the project budget. All invoicing and billing will be reviewed and forwarded to the Development Manager for approval. This position will coordinate with the City of Fresno's finance department to ensure fiscal management of NSP2 funds.

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Quincy Boren, Development Coordinator Mr. Boren will assist in the application of NSP 2 funds at the subject properties. Through coordination with construction contractors and the building department, Mr. Boren will work to obtain all necessary City approvals to allow work to commence.

Factor 3: Soundness of Approach

NSP2 funds will be used for acquisition of rental properties and rehabilitation of units and occupancy with lower income tenants. Affordability restrictions will be placed on the units.

Factor 4: Leveraging Other Funds

With the use of NSP2 funds for acquisition and construction financing, along with financing from Bank of America, the projects will be leveraged at 60% private, 40% NSP2 funds.

Factor 5: Energy Efficiency Improvement and Sustainable Development Factors

This strategy will employ significant energy efficiency upgrades to units that are often 20 years or older. As necessary, the following items will be addressed:

- Wall and attic insulation upgrades (costs reduced through utility company programs);
- Window and door replacements;
- Weather-stripping (cost reduced through partnership with weatherization programs);
- Radiant-barrier sheeting (if roofing is replaced);
- High Efficiency HVAC replacement (cost offset through rebates);
- Energy-star appliances (cost reduced through utility company rebates);
- Low-water use fixtures, water heater replacement (cost offset through City and County manufacturer rebates).

Also, by reutilizing existing multifamily properties within existing neighborhoods, the supply of affordable housing units will be increased without the need for urban sprawl or the creation of a construction debris stream from demolition activities. Also, since these properties are also often located in residential neighborhoods, sustainability will be achieved due to proximity to local services like schools, shopping and transportation.

The City's "Sustainable Fresno" program will serve as a guide to the redevelopment activities.

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Factor 6: Neighborhood Transformation and Economic Opportunity

The redevelopment of these often overlooked properties will improve neighborhoods throughout the City. Investment of private landlords will be maintained longer than typical due to deed restrictions and the potential for long-term return on investments. The improvement of multi-family properties will significantly stabilize communities which include both single-family homes and apartment buildings, and will entice homeownership within the neighborhoods.

The HA Economic Opportunities Plan has been written to maximize opportunities for local residents and businesses to participate in all HA development activities. Part of this plan is the Section 3 program. The program is operated in partnership with the Fresno County Economic Opportunities Commission (EOC) to assist low-income individuals with finding employment. Over the past 2 years, the HA has been able to employ 15-20 individuals on HA projects. The HOPE VI Yosemite Village development used laborers from the complex. The HOPE VI Community Center operates a daycare facility that is staffed with individuals from the Section 3 program. The EOC has staff in the HA office to advertise job opportunities in the community. The HA's past experience and current schedule of projects give the agency the necessary capacity to carry out goals of the NSP2.