

Grantee: Modesto, CA

Grant: B-09-LN-CA-0053

January 1, 2012 thru March 31, 2012 Performance Report



Grant Number:

B-09-LN-CA-0053

Obligation Date:**Award Date:**

02/11/2010

Grantee Name:

Modesto, CA

Contract End Date:

02/11/2013

Review by HUD:

Submitted - Await for Review

Grant Amount:

\$25,000,000.00

Grant Status:

Active

QPR Contact:

No QPR Contact Found

Estimated PI/RL Funds:

\$0.00

Total Budget:

\$25,000,000.00

Disasters:

Declaration Number

NSP

Narratives

Executive Summary:

In early 2010, the City of Modesto received a \$25 million Neighborhood Stabilization Program 2 (NSP2) grant award under the American Recovery and Reinvestment Act of 2009 (ARRA). The City takes their fiduciary responsibilities with this grant very seriously understanding that the federal government has dedicated these resources to areas most hard hit by the housing crisis that has destabilized many neighborhoods throughout the nation.

As the largest city in Stanislaus County and the sixteenth largest city in California with over 210,000 citizens, Modesto has been particularly impacted by foreclosures. In fact, since January 2007, over 40,000 homes have been foreclosed in Stanislaus County alone. As 2010 progresses, the Stanislaus County area continues to rank near the top in the nationwide foreclosure listings. Because of this, most of Modesto's residents are dealing with the issue of foreclosure.

Target Geography:

It is critical to the economic viability of Modesto and the region that the housing market stabilizes. Since NSP2 funds can be utilized in well over 90% of the city, it is ensured that there is a true city-wide impact. You can view the funding-eligible census tracts by visiting the City of Modesto website at <http://www.modestogov.com/prnd/housing/recoveryactprograms.asp>

The infusion of these grant funds will aid the City of Modesto in dealing with the foreclosure crisis.

Program Approach:

In general, the City will use the NSP2 grant to buy and repair foreclosed and/or abandoned residential properties. Once the homes are ready, they will be rented or sold to income eligible households. Through this effort, the City expects to accomplish three major objectives: 1) stabilize the housing market in Modesto; 2) create jobs through the rehabilitation work; and 3) provide an opportunity for homeownership to many who might not have that opportunity otherwise.

The actual purchase and rehabilitation of these properties will be done by an approved developer pool which includes both non-profit and for-profit developers.

There are three project areas which are discussed in more detail below.

1. Buying and Rehabilitating Residential Properties for Rental or Homeownership by Households with Incomes of up to 120% of the Area Median Income (\$15 million). As of March 2009, a four person household in this category could make up to \$71,500 annually.

This project area which includes two activities as described below:

- Acquisition and Rehabilitation (\$10.5 million)

Developers (both for-profit and non-profit) will utilize these funds to purchase and rehabilitate 100 foreclosed/abandoned residential properties. While it may not be possible to resell all of the homes purchased under this activity, the major focus of this program will be to spur home ownership for those at our below 120% of the area median income. The incentives and income verification process that will accompany this activity will ensure that qualifying low income households receive the best possible home while still allowing them to live within their means.

- Housing Assistance to Residents with Special Needs (\$4.5 million)

In this area of funding, the City will partner with the Stanislaus Community Assistance Project commonly referred to as SCAP to acquire and



rehabilitate 25 foreclosed and abandoned homes to help services those with mental health or substance abuse issues at will target those at or below 120% of the area median income.

SCAP has a history of developing supportive housing and assisting persons with disabilities. This housing will provide a place where the participants can focus on addressing the problems they face in order to become stable participating members of our community.

In the last two decades, competition for increasingly scarce low income housing grew so intense that those with disabilities such as addictive and mental disorders were more likely to lose out and find themselves on the streets. Increases in the denial of services or premature and unplanned discharge brought about by managed care arrangements may be contributing to the continued presence of seriously mentally ill persons within the homeless population, who turn to drugs and alcohol as a means of self medication. Untreated addictive disorders do contribute to homelessness. For those with below-living wage incomes are just one-step away from homelessness, with a tendency for an addictive disorder, any major stressor may provide just the catalyst to plunge them into residential instability. And for people who are addicted and homeless, the health condition may be prolonged by the very life circumstance in which they find themselves. Without a stable place to live, recovery often remains out of reach. For persons dealing with an addiction, housing is the first step on the road to sustainable recovery.

2. Buying and Rehabilitating Residential Properties for Rental or Homeownership by Households at or below 50% of Area Median Income (\$7.5 million). This project area also includes two activities which are described below. While the City's application only indicated a 25% use of funds in this project area, the City will actually expend 30% of the grant in this project area. As of March 2009, a four-person household at 50% of the area median income could make up to \$29,800 annually.

- Housing Assistance for Emancipated Foster and Homeless Youth (\$6 million)

Utilizing the \$6 million award for this activity, the City will partner with the Housing Authority of Stanislaus County and other local non-profits to acquire and fix-up 40 foreclosed or abandoned properties. In turn, these properties will provide housing for emancipated foster and homeless youth who often have no other place to turn and end up on the streets, the victims of crime and abuse. This allows these young people a safe secure environment where they can focus on education and finding employment rather than just on bare subsistence. Additionally, this "basic needs housing" program will reduce the overall cost that society pays for services as it helps to avoid expenses associated with the use of mental health services, homelessness, use of welfare beyond TANF such as food stamps, substance abuse and second generation foster care are all risk factors that can be mitigated by providing housing, and giving the youth a clean start.

- Housing Assistance to Residents with Special Needs (\$1.5 million)

This a partner activity to the Housing Assistance to Residents with Special Needs activity previously discussed. In this area of funding, the City will partner with SCAP to buy and rehabilitate 10 foreclosed and abandoned homes to help services those with mental health or substance abuse issues at or below 50% of the area median income.

3. Program Administration (\$2.5 million)

Twenty-five percent of the total award is designated for Administration. This includes all staff and other functions necessary to provide day-to-day management of the LMMI and 50% AMI project areas.

Consortium Members:

How to Get Additional Information:

Administration of the NSP2 Program will be under the City of Modesto's Neighborhood Services Division which also manages all other United States Department of Housing and Urban Development (HUD) funded programs. Staff from this unit will conduct outreach and education efforts and will ensure program compliance, transparency of funding, and regular monitoring.

Public meetings to promote the program will begin in the local community centers. The City has an established partnership with several local HUD certified housing counselors, and will facilitate the process of assisting persons interested in becoming owners of NSP rehabilitated housing, and ensure that they receive the required 8 hours of housing counseling. In addition, the City will use all marketing media at its disposal to promote the program and ensure its success. The City will affirmatively further fair housing and provide marketing and outreach materials in English and in Spanish.

For more information, please contact the City of Modesto's housing division at (209) 577-5245 or on the Internet at <http://www.modestogov.com/prnd/housing/recoveryactprograms.asp>. The City of Modesto welcomes feedback on the NSP2 efforts within our community and looks forward to successful implementation.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$25,000,000.00
Total Budget	\$0.00	\$25,000,000.00
Total Obligated	\$4,300,000.00	\$21,729,130.14
Total Funds Drawdown	\$246,751.39	\$13,530,972.23
Program Funds Drawdown	\$246,751.39	\$13,530,972.23
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$102,250.49	\$14,254,463.74
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$2,500,000.00	\$655,503.00
Limit on State Admin	\$0.00	\$655,503.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$2,500,000.00	\$2,500,000.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$6,250,000.00	\$7,500,000.00

Overall Progress Narrative:

In early February 2010, the City of Modesto received a \$25 million grant award under the American Recovery and Investment Act of 2009 (ARRA). This grant award recognized the significant impact the housing crisis has had both nationally and on the local level. The grant award will be utilized to reduce the number of foreclosed and/or abandoned properties within the City. There are four primary activities associated with this grant award. Developers (both for-profit and non-profit) are utilizing \$10.5 million in funds to purchase and rehabilitate foreclosed/abandoned residential properties. The major focus of this program will be to spur home ownership for those at or below 120% of the area median income. A Request for Proposal (RFP) was issued resulting in ten new developers being added to the pool of qualified developers from the NSP 1 program for a total of eighteen developers. All developers attended a mandatory workshop on June 11, which outlined the program parameters. Sub-committee meetings were scheduled every week to review properties during this quarter. Of the 133 properties submitted, 57 properties were approved by the sub-committee and five were lost due to price reduction issues. Of the funds budgeted for the acquisition and rehabilitation for the targeted site activity, 52 properties have closed escrow.

The City allocated \$6.0 million in funds through a partnership with the Stanislaus Community Assistance Project (SCAP). Of that amount, \$4.5 million in funds will be utilized to acquire and rehabilitate foreclosed and abandoned homes that will help service those residents with special needs such as mental health or substance abuse issues. These funds will target those households at or below 120% of the area median income. In addition, another \$1.5 million will be utilized to buy and rehabilitate foreclosed and abandoned homes to help provide services to those with mental health or substance abuse issues at or below 50% of the area median income. During this quarter, SCAP closed escrow on two additional properties.

Finally, the City has also allocated \$6 million in funds for housing assistance for emancipated foster and homeless youth. To expend these funds, the City partnered with the Housing Authority of Stanislaus County and other local non-profits to acquire and fix-up foreclosed or abandoned properties. This program will reduce the overall cost that society pays for services as it helps to avoid expenses associated with the use of mental health services, homelessness, use of welfare, substance abuse and second generation foster care. This activity is still in the development phase of the project. The actual purchase and rehabilitation of all properties was done through an



approved developer pool, which included both non-profit and for-profit developers. Once homes are completed in these four program areas, they will be rented or sold to income eligible households. Through this effort, the City expects to accomplish three major objectives: 1) stabilize the housing market in Modesto; 2) create jobs through the rehabilitation work; and 3) provide an opportunity for homeownership to many who might not have that opportunity otherwise.

During this quarter The City of Modesto put NSP funded programs on hold as a result of an audit being conducted by The U.S. Department of Housing & Urban Development (HUD) Office of the Inspector General (OIG). This audit, to be released early January, 2012, identifies few errors in the City's management of the Neighborhood Stabilization Program 2 (NSP2). The audit report identifies findings which account for a very small amount of the grant expended to date (\$11 million) and less than 1% of the total grant allocated to the City of Modesto (\$25 million). The City has reviewed HUD OIG's audit findings and disputes none of them.

"We are grateful to the OIG for conducting this thorough audit," said Mayor Ridenour. "This report is the fact-based audit that began in May and was completed at the end of October. We are now prepared to restart our NSP Program activities and have tightened-up our monitoring processes and procedures over the past few months. The recommendations found in the OIG report will be used to further enhance our monitoring processes."

On January 26, 2012, an informal informational presentation regarding the City of Modesto's Neighborhood Stabilization Program (NSP) was conducted by the Director of Parks, Recreation and Neighborhoods. Information included an overview of the purpose of the NSP legislation, the City's Grant Requirements, Property Selection and Rehabilitation Process and a report on future acquisition and rehabilitation and pending projects

During the quarter ending March 31, 2012, a NSP2 loan to the HACS in the amount \$4.8 million was approved for the construction of a 32 unit housing project for the EFHY, also known as Meadow Glen Apartments. In addition, a MOU between the HACS and the County of Stanislaus and Stanislaus County Affordable Housing Corporations was approved.

On March 27, 2012, Council approved the updated guidelines to the Homebuyer's Program.

The revised program is not without some risk; by having an FHA or conventional first mortgage in place, the City is at a riskier position if the buyer should default. With the current interest rates and home values, many homeowners are making mortgage payments that are significantly less than rent. The expectation is that a monthly payment on a loan that is not higher than 80% of the cost of the home and no payments on the City loan, homes will be attractive enough for the buyers to stay in them for the long term.

March 27, 2012 the updated NSP2 Loan Terms and Program Guidelines were approved by Council (Reso 2012-104) with the exception of funding for Special Needs housing). The guidelines, for approximately \$178,000, will be addressed at a later time.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001, Admin	\$186,300.38	\$2,500,000.00	\$655,503.00
002, Acquisition and Rehab	\$0.00	\$15,000,000.00	\$11,872,071.59
003, Acquisition and Rehab below 50% AMI	\$60,451.01	\$7,500,000.00	\$1,003,397.64
9999, Restricted Balance	\$0.00	\$0.00	\$0.00



Activities

Grantee Activity Number: 001 - AD
Activity Title: Administration

Activity Category:

Administration

Project Number:

001

Projected Start Date:

02/11/2010

Benefit Type:

N/A

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Admin

Projected End Date:

02/11/2013

Completed Activity Actual End Date:

Responsible Organization:

City of Modesto

Overall	Jan 1 thru Mar 31, 2012	To Date
Total Projected Budget from All Sources	N/A	\$2,500,000.00
Total Budget	\$0.00	\$2,500,000.00
Total Obligated	\$0.00	\$2,500,000.00
Total Funds Drawdown	\$186,300.38	\$655,503.00
Program Funds Drawdown	\$186,300.38	\$655,503.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$41,799.48	\$681,015.98
City of Modesto	\$41,799.48	\$681,015.98
Match Contributed	\$0.00	\$0.00

Activity Description:

Oversight of Administration and planning of the Neighborhood Stabilization Program (NSP2).

Location Description:

10th Street Place, 1010 10th Street, Suite 4300, Modesto, CA

Activity Progress Narrative:

Upon receipt of the \$25 million grant award, City of Modesto Program Managers attended mandatory training in Washington D.C. as well as follow-up training at the regional HUD offices in San Francisco. Staff also attended training on green building techniques, which will be useful during the rehabilitation phase of the projects. Program Managers early on worked to modify existing NSP 1 grant policies and procedures for a better implementation of NSP 2 and to ensure that the NSP 2 activities are carried out in accordance with established specifications. In February, 2010, a full-time analyst was hired to assist with program development and to create the tracking mechanisms needed to assure prompt and accurate compliance reporting. This documentation provides City staff with the ability to review the status of a property as it moves through the various phases of acquisition and rehabilitation. Staff has executed agreements with all developers so they are able to purchase property using NSP 2 funds.

In June, 2010, the City hired a part time staff person to assist with the implementation of the NSP 2 program. This person also works with the Housing Authority of Stanislaus County to pre-qualify potential homebuyers and with the housing counseling



agencies to ensure that all potential buyers have completed the 8 hours of housing counseling. For this program three full time staff persons were hired to assist with NSP2 program administration. An additional part-time staff person was hired to join our team of existing property inspectors. This team is responsible for conducting preliminary inspections once a property has closed escrow. Inspectors ensure program developers address all items identified in each third party home inspection and ensures each property will be rehabilitated using Housing Quality Standards (HQS) building standards. Developers conduct all work on a reimbursement basis (out of pocket). The developers submit an invoice to the City for reimbursement of those expenses incurred. Prior to payment being issued an inspector conducts an on-site visit of the property to ensure the work noted in the invoice is accurate. In all, the City now has three full time and two part-time staff dedicated to the NSP 2 program.

Staff continued administrative support and oversight of all NSP2 activities during this quarter. A special meeting with HUD was held to discuss NSP activities and to address OIG findings.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources



Grantee Activity Number:	002 - AR Developers
Activity Title:	Acquisition and Rehab Developers

Activity Category:

Acquisition - general

Project Number:

002

Projected Start Date:

02/11/2010

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition and Rehab

Projected End Date:

02/11/2013

Completed Activity Actual End Date:

Responsible Organization:

City of Modesto

Overall	Jan 1 thru Mar 31, 2012	To Date
Total Projected Budget from All Sources	N/A	\$10,500,000.00
Total Budget	\$0.00	\$10,500,000.00
Total Obligated	\$0.00	\$8,607,341.14
Total Funds Drawdown	\$0.00	\$7,647,552.56
Program Funds Drawdown	\$0.00	\$7,647,552.56
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$7,706,583.51
City of Modesto	\$0.00	\$7,706,583.51
Match Contributed	\$0.00	\$0.00

Activity Description:

Developers (both for profit and non-profit) will utilize these funds to purchase and rehabilitate 100 foreclosed/abandoned residential properties. While it may not be possible to resell all of the homes purchased under this activity, the major focus of this program will be to spur home ownership for those at or below 120% of the area median income. The incentives and income verification process that will accompany this activity will ensure that qualifying low income households receive the best possible home while still allowing them to live within their means.

Location Description:

10th Street Place, 1010 10th Street, Modesto CA

Activity Progress Narrative:

There is \$10.5 million allocated to this activity for the acquisition and rehabilitation of 100 foreclosed and/or abandoned properties in targeted census tracts identified in the City of Modesto. Initially City staff began revising the MOU Agreements from NSP 1 to reflect changes made in NSP 2. Staff issued a Request for Proposals (RFP) to identify qualified developers for acquiring foreclosed and/or vacant residential properties. Staff also issued an RFP for appraisers to assist with the purchase of these properties. Ten new developers were added to the pool of qualified developers from the NSP 1 program for a total of eighteen developers. All developers attended a mandatory workshop on June 11, 2010, which outlined the program parameters. Similar to NSP1, property acquisitions must be approved by a sub-committee of the City of Modesto's Citizens Housing & Community Development Committee. The first sub-committee meeting was held on June 17, 2010. Committee meetings are now scheduled every week, as necessary, to review properties. Approved developers submitted 134 properties for acquisition approval representing over \$21.7 million in funding. Fifty-seven (57) of those properties were approved by the sub-committee representing \$8,607,341.14 in CDBG funds. Of the approved properties, four did not close escrow due to price reduction issues representing \$832,351.51 thus far for the acquisition and rehabilitation of the targeted site activity. 52 properties have closed escrow equaling 84 units with one of these properties being a 28 unit apartment complex.



Rehabilitation has started on all 52 properties and 40 properties are complete and are in the true-up phase of the program. The remaining properties still underway with Rehabilitation are currently 90% complete. Staff anticipates in the next quarter a few more of these properties will be complete with the rehabilitation phase. This will allow staff to complete the financial true-up phase, amend loans as necessary and ultimately report actual dollars spent per property.

March 27, 2012 the updated NSP2 Loan Terms and Program Guidelines were approved by Council (Reso 2012-104) with the exception of funding for Special Needs housing). The guidelines, for approximately \$178,000, will be addressed at a later time.

There is approximately \$1.5 million remaining in this activity. Staff proposed the HACS be the sub-recipient for these remaining Acquisition and Rehabilitation NSP2 funds. The HACS will purchase foreclosed or abandoned properties within Modesto and then rehabilitate them. Properties must be vacant at the time of purchase and the purchase price must be a minimum of one percent (1%) below the appraised value of the property. Acquisition and rehabilitation costs will be limited to:

- \$165,000 for single family homes
- \$125,000 per unit for multi-family units
- Property subsidy capped at 30% for re-sales
- Procurement must follow HA-HUD standards with two or three bids received on all work
- All properties must be in HUD approved target areas/census tracts
- As an approved sub-recipient, the HACS can only receive an "Activity Delivery cost"

Staff recommended setting this at a 3% cap for future projects (current program average "developer" fee is \$11,000/single-family property) Estimated "Activity Delivery Fee" would be \$4,950 for single-family property ; Real Estate commission for the sale of NSP2 properties in the NSP2 -Homebuyer's Program and future resale properties will be capped at 5%.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	27/100

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	31/100
# of Singlefamily Units	0	31/100

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	6/0	12/0	31/100	58.06
# Owner Households	0	0	0	0/0	0/0	0/26	0
# Renter Households	0	0	0	6/0	12/0	31/74	58.06

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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



Grantee Activity Number: 002 - AR Special Needs

Activity Title: Residents with Special Needs

Activity Category:

Acquisition - general

Project Number:

002

Projected Start Date:

02/11/2010

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition and Rehab

Projected End Date:

02/11/2013

Completed Activity Actual End Date:

Responsible Organization:

Stanislaus Community Assistance Project (SCAP)

Overall	Jan 1 thru Mar 31, 2012	To Date
Total Projected Budget from All Sources	N/A	\$4,500,000.00
Total Budget	\$0.00	\$4,500,000.00
Total Obligated	\$0.00	\$4,500,000.00
Total Funds Drawdown	\$0.00	\$4,224,519.03
Program Funds Drawdown	\$0.00	\$4,224,519.03
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$4,224,519.03
Stanislaus Community Assistance Project (SCAP)	\$0.00	\$4,224,519.03
Match Contributed	\$0.00	\$0.00

Activity Description:

In this project, the City will partner with the Stanislaus Community Assistance Project (SCAP) to acquire and rehab 25 foreclosed and abandoned homes to help services those with mental health or substance abuse issues and will target those at or below 120% of the AMI.

SCAP has a history of developing supportive housing and assisting persons with disabilities. This housing will provide a place where the participants can focus on addressing the problems they face in order to become stable participating members of our community.

Location Description:

Properties located within Modesto census tracts identified in the NSP2 Program.

Activity Progress Narrative:

The City of Modesto has collaborated with the Stanislaus Community Assistance Project (SCAP) to provide \$6 million in funding for the development, acquisition and rehabilitation of 35 foreclosed and/or vacant homes to house individuals with special needs such as mental health issues, chronic disabilities, HIV/AIDS, prison re-entry candidate, and income eligible seniors. Of the \$6 million total, \$1.5 million will need to be used to provide housing for individuals and families at or below 50% of the area median income. This portion is addressed in the 25% Set-Aside activity. The City collaborated with the Stanislaus Community Assistance Project (SCAP) to acquire and rehabilitate foreclosed and abandoned homes. SCAP will use the remaining \$4.5 million to provide permanent supportive housing to individuals and families to help service those with mental health or substance abuse issues and will target those at or below 120% of the area median income. SCAP has purchased eleven foreclosed properties representing \$5,821,789 in CDBG to fund a total of 47 units. Of these properties, 221 E. Coolidge is a 30-unit apartment building purchased for \$1,465,200. The acquisition and rehabilitation budget for this property is \$2,495,950. Rehabilitation on this property is approximately 86% completed. The remaining properties have started the rehabilitation phase



and are approximately 93% complete with six properties completely finished with Rehabilitation, which have now started the true-up phase. Staff anticipates in the next quarter a few more properties to be complete with the rehabilitation phase, which will allow staff to complete the financial true up phase. This phase will allow staff to amend loans and be able to report actual dollars spent per property.

March 27, 2012 staff proposed updated NSP2 Loan Terms and Program Guidelines for Special Needs housing. Staff was directed to return to Council with other options for spending the remaining funds.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Properties	0		5/15	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		9/15	
# of Singlefamily Units	0		9/15	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/0	8/0	9/15	88.89
# Renter Households	0	0	0	0/0	8/0	9/15	88.89

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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



Grantee Activity Number:	003 - LH 25% EFHY
Activity Title:	LH 25% Emancipated Foster and Homeless Youth

Activity Category:

Acquisition - general

Project Number:

003

Projected Start Date:

02/11/2010

Benefit Type:

N/A

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition and Rehab below 50% AMI

Projected End Date:

02/11/2013

Completed Activity Actual End Date:

Responsible Organization:

Housing Authority of the County of Stanislaus

Overall	Jan 1 thru Mar 31, 2012	To Date
Total Projected Budget from All Sources	N/A	\$6,000,000.00
Total Budget	\$0.00	\$6,000,000.00
Total Obligated	\$4,300,000.00	\$4,800,000.00
Total Funds Drawdown	\$60,451.01	\$60,451.01
Program Funds Drawdown	\$60,451.01	\$60,451.01
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$60,451.01	\$60,451.01
Housing Authority of the County of Stanislaus	\$60,451.01	\$60,451.01
Match Contributed	\$0.00	\$0.00

Activity Description:

Utilizing the \$6 million award for this activity, the City will partner with the Housing Authority of Stanislaus County and other local non-profits to acquire and fix-up 40 foreclosed or abandoned properties. In turn, these properties will provide housing for emancipated foster and homeless youth who often have no other place to turn and end up on the streets, the victims of crime and abuse. This allows these young people a safe secure environment where they can focus on education and finding employment rather than just on bare subsistence. Additionally, this "basic needs housing" program will reduce the overall costs that society pays for services as it helps to avoid expenses associated with the use of mental health services, homelessness, use of welfare beyond TANF such as food stamps, substance abuse and second generation foster care are all risk factors that can be mitigated by providing housing, and giving youth a clean start.

Location Description:

1701 Robertson Road, P.O. Box 581918 Modesto, CA 95358

Activity Progress Narrative:

Of the \$25 million in NSP2 funding, \$6 million has been set-aside to be used for the purchase and rehabilitation of properties to house Emancipated Foster and Homeless Youth ages 18 to 28. Seventy-five percent of this funding will serve youth at 50% or below the area median income and the remaining funds will target youth at 80% and below. This past quarter staff has been working on developing the program with the Housing Authority (HA) and supportive services agencies. The City is currently drafting the MOU between the HA and the City and a second MOU will be drafted between the City, HA and supportive services agencies. The HA is actively seeking for properties to acquire and rehabilitate for this program. Staff continues to have monthly meetings to discuss this activity with the HA and other local non-profits to plan the supportive services component of the program and to ensure sustainability over the long-term. Several meetings have been held with all stakeholders and in the next quarter, staff anticipates executing the MOUs with the appropriate stakeholders. There have been no program funds expended in this activity to date.



On September 1, 2011, the City of Modesto submitted to HUD a Technical Amendment to change the eligible activities for the NSP2 EFY&HYP proposal from eligible use B, acquisition and rehabilitation to eligible use E, to redevelop demolished or vacant properties as housing. This step was necessary to comply with NSP2 regulations. On November 8, 2011, HUD approved the Technical Amendment submitted by the City. The City of Modesto is also working with supportive services providers that will be working with the EFY&HYP as well as with the Stanislaus County Continuum of Care (CoC) to secure additional funds to provide supportive services.

During the quarter ending March 31, 2012, the Modesto City Council by Resolution 2012-20 approved the acquisition of the property located at 505 East Coolidge Avenue, for a cost not to exceed \$61,000, to provide housing for the Emancipated Foster Youth and/or Homeless Youth Program participants. The approval of the rehabilitation costs for these two units is scheduled to go before council in May.

An NSP2 loan to the HACS in the amount \$4.8 million was approved for the construction of a 32 unit housing project for the EFHY, also known as Meadow Glen Apartments. In addition, a MOU between the HACS and the County of Stanislaus and Stanislaus County Affordable Housing Corporations was approved.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/40

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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

Grantee Activity Number: 003 - LH 25% Special Needs

Activity Title: LH 25% Special Needs

Activity Category:

Acquisition - general

Project Number:

003

Projected Start Date:

02/11/2010

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition and Rehab below 50% AMI

Projected End Date:

02/11/2013

Completed Activity Actual End Date:

Responsible Organization:

Stanislaus Community Assistance Project (SCAP)

Overall	Jan 1 thru Mar 31, 2012	To Date
Total Projected Budget from All Sources	N/A	\$1,500,000.00
Total Budget	\$0.00	\$1,500,000.00
Total Obligated	\$0.00	\$1,321,789.00
Total Funds Drawdown	\$0.00	\$942,946.63
Program Funds Drawdown	\$0.00	\$942,946.63
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$1,581,894.21
Stanislaus Community Assistance Project (SCAP)	\$0.00	\$1,581,894.21
Match Contributed	\$0.00	\$0.00

Activity Description:

This activity partners with the 002 AR Special Needs activity. In this area of funding, the City will partner with Stanislaus Community Assistance Project (SCAP) to buy and rehabilitate 10 foreclosed and abandoned homes to help service those with mental health or substance abuse issues at or below 50% AMI.

Location Description:

Properties located within Modesto census tracts identified in the NSP2 Program

Activity Progress Narrative:

The City of Modesto has collaborated with the Stanislaus Community Assistance Project (SCAP) to provide \$6 million in funding for the development, acquisition and rehabilitation of 35 foreclosed and/or vacant homes to house individuals with special needs such as mental health issues, chronic disabilities, HIV/AIDS, prison re-entry candidate, and income eligible seniors. Of the \$6 million total, \$1.5 million will need to be used to provide housing for individuals and families at or below 50% of the area median income. This portion is addressed in the 25% Set-Aside activity. The City collaborated with the Stanislaus Community Assistance Project (SCAP) to acquire and rehabilitate foreclosed and abandoned homes. SCAP will use the remaining \$4.5 million to provide permanent supportive housing to individuals and families to help service those with mental health or substance abuse issues and will target those at or below 120% of the area median income.

SCAP has purchased eleven foreclosed properties representing \$5,821,789 in CDBG to fund a total of 47 units. Of these properties, 221 E. Coolidge is a 30-unit apartment building purchased for \$1,465,200. The acquisition and rehabilitation budget for this property is \$2,495,950. Rehabilitation on this property is approximately 86% completed. The remaining properties have started the rehabilitation phase and are approximately 93% complete with six properties completely finished with Rehabilitation, which have now started the true-up phase. Staff anticipates in the next quarter a few more properties to be complete with the



rehabilitation phase, which will allow staff to complete the financial true up phase. This phase will allow staff to amend loans and be able to report actual dollars spent per property.

March 27, 2012 staff proposed updated NSP2 Loan Terms and Program Guidelines for Special Needs housing. Staff was directed to return to Council with other options for spending the remaining funds.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Properties	0		3/10	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		5/10	
# of Singlefamily Units	0		5/10	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	5/0	0/0	5/10	100.00
# Renter Households	0	0	0	5/0	0/0	5/10	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

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

