

**Grantee: Lancaster, CA**

**Grant: B-08-MN-06-0510**

**January 1, 2019 thru March 31, 2019 Performance Report**

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**Grant Number:**  
B-08-MN-06-0510

**Obligation Date:**  
03/11/2009

**Award Date:**  
03/09/2009

**Grantee Name:**  
Lancaster, CA

**Contract End Date:**

**Review by HUD:**  
Original - In Progress

**Grant Award Amount:**  
\$6,983,533.00

**Grant Status:**  
Active

**QPR Contact:**  
No QPR Contact Found

**LOCCS Authorized Amount:**  
\$6,983,533.00

**Estimated PI/RL Funds:**  
\$6,700,000.00

**Total Budget:**  
\$13,683,533.00

## Disasters:

### Declaration Number

NSP

## Narratives

### Areas of Greatest Need:

The City of Lancaster experienced unprecedented growth during the first half of this decade. When the subprime mortgage issues surfaced, the City immediately felt the effects and experienced firsthand the negative impacts brought about by the increase in foreclosed upon and abandoned homes. The City acted in a proactive manner in 2006 and created the Neighborhood Preservation Foreclosure Program funded by the Lancaster Redevelopment Agency's. This program targeted specific, older neighborhoods in decline with a disproportionate number of foreclosed upon homes. Despite these efforts, Lancaster remains among one of the top cities in California, month after month, with a consistently high foreclosure rate. In the Metropolitan Service Area of Los Angeles/Long Beach, the City of Lancaster is among the top three cities with the highest number of foreclosures. In March of 2008, Lancaster ranked number two with 869 foreclosures reported for that month, Los Angeles took the number one spot; and, in September of 2008, Lancaster ranked number three with 853 foreclosures reported for that month, Los Angeles again took the top spot and neighboring Palmdale took the number two spot with 866 reported foreclosures. The City has reviewed and analyzed readily available data and statistics to include the Comprehensive Housing Affordability Strategy (CHAS) data provided by HUD. The available data has assisted the City in identifying areas in greatest need of NSP funds. Key identifiers used to develop the target areas included HUD data encompassing the foreclosure abandonment risk score, the predicted eighteen month foreclosure rate, the Home Mortgage Disclosure Act (HMDA) data and the United States Postal Service (USPS) residential vacancy rate data.

### Distribution and and Uses of Funds:

The City of Lancaster will use NSP funds for five primary activities, which includes administration. The first activity consists of acquisition/rehabilitation of vacant and foreclosed properties. The second activity involves acquisition and demolition of units where rehabilitation costs would exceed the purchase price. The third activity involves the redevelopment of the acquired and demolished units to be made available to income eligible homebuyers. The fourth activity involves a Direct Homeownership Assistance to provide assistance to low income households for the purchase of a home in the City of Lancaster. The fifth activity is the allowed 10% Administration cost of the NSP grant. The City of Lancaster will prioritize the use of the NSP funds by first acquiring foreclosed units in neighborhoods with high risk factors, which include a high concentration of subprime mortgage loans and high percentage of the possibility of additional foreclosures. The neighborhoods in greatest need meet income eligibility criteria and are near highly visible corridors of the City.

### Definitions and Descriptions:

**Blighted Structure** A blighted structure is a building in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. The City of Lancaster defines a "Blighted Structures" in accordance with Section 33031(a) of the California Health and Safety Code: 33031(a) This subdivision describes physical conditions that cause blight: (1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. (2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards. (3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area. (4) The existence of subdivided lots



that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions. Affordable Rents "Affordable Rents" shall mean lower income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, affordable rent may be established at a level not to exceed 30 percent of gross income of the household. Affordable rents shall be determined in the same manner as pursuant to Health and Safety Code requirements. Continued Affordability The City of Lancaster shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties remain affordable to individuals or families with incomes below 120 percent of area median income or, for units originally assisted with funds under the requirements of Section 2301(f)(3)(A)(ii), remain affordable to individuals and families with incomes below 50 percent of area median income. The resale price, as determined by the City of Lancaster, must be affordable to the new purchaser and may not exceed the affordable housing cost for a low-income household. The affordable housing cost is the product of 30 percent times 80 percent of the area median income adjusted for family size appropriate for the property. Resale of the property by the participants during the affordability period to a new purchaser that is not a low-income household, does not intend to occupy the property as a primary residence, or the resale price is not an affordable price, the City shall recapture the entire amount of the City loan, including principal, accrued interest and other applicable loan charges. During the affordability period, should participant transfer the property title, not occupy the property as a primary residence or not comply with any portion of the loan agreement, the City shall recapture the entire amount of the City loan, including principal, accrued interest and other applicable loan charges. Continued affordability will be ensured for the entire period of affordability through monitoring, following the specific HOME monitoring requirements as defined in 24 CFR Part 92, Housing Rehabilitation Standards The City of Lancaster will ensure that all rehabilitation of residential properties utilizing NSP funds comply with applicable laws, codes and other requirement

**Low Income Targeting:**

**LOW INCOME TARGETING**

At least 25 percent or \$1,745,883 of the City's NSP funding must benefit persons at or below 50 percent of the median area income. The City intends to purchase, rehabilitate and dispose of foreclosed upon or abandoned residential properties to house individuals or families that meet this NSP income requirement.

**Acquisition and Relocation:**

**ACQUISITIONS AND RELOCATION**

The primary NSP eligible activity that the City of Lancaster will undertake involves the acquisition and disposition of homes and residential properties that have been abandoned or foreclosed upon. The City will then rehabilitate the home/unit to ensure that all health and safety and code violations are addressed prior to making any general property improvements. Rehabilitated homes/units will then be made available to first time homeownerships.

The City will commence the acquisition and rehabilitation activity upon the release and authorization of NSP funds. All initial NSP funds for this activity will be committed within the statutory 18-month period, as set forth in Section 2301(c) (1) of HERA.

The number of NSP affordable housing units that the City of Lancaster will make available to low-, moderate- and middle-income households will be determined by the current market conditions at the time of acquisition and rehabilitation. However, the City estimates that up to 15 NSP affordable housing units will be made available to households between 50 to 80 percent of area median income and 20 affordable housing units will be made available to households between 120 to 80 percent of area median income.

The City does not anticipate carrying out any conversion activities. Moreover, the City will not undertake demolition activities of blighted structures.

The City of Lancaster expects to acquire, rehabilitate and sell approximately 12 homes/units to first time homeownerships at or below 50 percent of the area median income. At least 25 percent of NSP funds must benefit persons who meet this income requirement.

**Public Comment:**

**PUBLIC COMMENT**

A 15-day public comment period for the 3rd Substantial Amendment to the NSP Action Plan covering the period from July 14, 2010, to July 28, 2010, was published, however, no public comments were received during the noticing period. The amendment is posted to the City's website pursuant to NSP requirements.

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$13,559,260.51
<b>Total Budget</b>	\$0.00	\$13,559,260.51
<b>Total Obligated</b>	\$0.00	\$13,559,260.51
<b>Total Funds Drawdown</b>	\$0.00	\$11,638,708.28
<b>Program Funds Drawdown</b>	\$0.00	\$6,966,912.71
<b>Program Income Drawdown</b>	\$0.00	\$4,671,795.57
<b>Program Income Received</b>	\$0.00	\$5,999,804.02
<b>Total Funds Expended</b>	\$0.00	\$11,881,440.19
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00



## Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$1,047,529.95	\$0.00
Limit on Admin/Planning	\$698,353.30	\$698,304.74
Limit on Admin	\$0.00	\$698,304.74
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$3,420,883.25	\$2,486,988.54

## Overall Progress Narrative:

All homes originally acquired with Program Funds have been rehabilitated. Previously, 4 homes sold that were originally acquired as LMMI but were income eligible as LH25% and were reported under LH25% activities. The City is currently in the process of updating the budget, properties and beneficiary data to reflect the financial transfers. The City has sold all of the 25% listed homes to persons at or below 50% of the area median income.

The City of Lancaster, pursuant to the substantial amendment, has identified and acquired a total of 20 properties in the expanded targeted areas utilizing Program Income funds from the sale of NSP1 homes for rehabilitation activities. The City acquired no new properties during this reporting period from January 2019 to March 31, 2019 in the expanded targeted area. Rehabilitation efforts continue for one property during this reporting period. No vouchering activity was conducted during this quarter, as we are still attempting to correct an issue (that remains outstanding) with help from Technical Assistance. It is our sincere desire to mitigate this issue before the close of the subsequent quarter so that we may resume vouchering and close out. To date the, the City has sold twelve LMMI and four LH25% properties. The City continues to identify other properties which meet NSP requirements for acquisition and rehabilitation purposes. The rebound of the housing market has caused difficulty in acquiring homes.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP-1, Acquisition & Rehabilitation	\$0.00	\$12,840,907.21	\$6,268,607.97
NSP-2, Demolition	\$0.00	\$0.00	\$0.00
NSP-3, Revealop Demolished or Vacant	\$0.00	\$0.00	\$0.00
NSP-4, Financing Mechanisms	\$0.00	\$0.00	\$0.00
NSP-5, Administration	\$0.00	\$842,625.79	\$698,304.74





