

**Grantee: Monterey County, CA**

**Grant: B-11-UN-06-0010**

**April 1, 2011 thru June 30, 2011 Performance Report**

**Grant Number:**

B-11-UN-06-0010

**Obligation Date:****Grantee Name:**

Monterey County, CA

**Award Date:****Grant Amount:**

\$1,284,794.00

**Contract End Date:**

03/16/2014

**Grant Status:**

Active

**Review by HUD:**

Submitted - Await for Review

**QPR Contact:**

Jane Royer Barr

**Disasters:****Declaration Number**

NSP

**Narratives****Summary of Distribution and Uses of NSP Funds:**

The County is proposing to use 50.59% of the funding allocation to provide housing for households whose income does not exceed 50% of the AMI. This targeting of funds will allow the County to exceed the low income targeting goal of 25%.

NSP3 funding will be split between a rental housing development for the developmentally disabled on the former Fort Ord and the acquisition, rehabilitation and rental of 4 to 5 single family homes for special needs households in the City of Soledad. At least two of the homes will be rented to special needs households earning less than 50% of the AMI; the other homes will be rented to special needs households earning no more than 120% of AMI. As defined by Monterey County, special need includes disabled individuals, seniors, farmworkers, and homeless or those at risk of becoming homeless.

**How Fund Use Addresses Market Conditions:**

Two areas of need have been identified:

The first area of greatest need proposed was selected in furtherance of the requirement that 25% of the allocation be used to provide housing to those earning less than 50% of the Area Median Income (AMI). Housing that is generally appropriate for this income level is rental housing. Interim, Inc., a local non-profit developer, is undertaking an affordable rental housing project to serve special needs individuals. The project is known as Rockrose Gardens and is located on the former Fort Ord in the City of Marina. The site is improved with two blighted buildings containing eleven units. The property has been vacant since the closure of Fort Ord in the mid-1990s. Almost two decades of long-term neglect and frequent vandalism have led to the serious deterioration of the buildings to the degree that they are unsafe, unhealthy, and no longer viable. The buildings are now in extreme disrepair and need to be demolished. They represent a blight in regard to the balance of the housing in the neighborhood which was rehabbed and reoccupied over a decade ago. The project meets the definition of greatest need based upon the need to demolish blighted structures currently marring the neighborhood.

The second area of greatest need was primarily established through use of the HUD mapping data which indicated that there were four cities in southern Monterey County that would qualify for the NSP3 Program. Based upon the County's funding allocation and, in order to make a significant impact, it was determined that the allocation would best support a single target area in one city in southern Monterey County. The County has had experience in purchasing housing in the four cities in southern Monterey County for NSP1. In the northern-most two cities, Gonzales and Soledad, there is higher demand for housing units given that they are closer to the job centers of Salinas and the Monterey Peninsula. Subsequently, discussions were held with those two cities to choose which city to provide the program in and to refine the neighborhood target area. The result is a target area in the east central portion of Soledad, a city which has been greatly affected by foreclosure activity. At the time of application, there were 73 foreclosure starts in the past year representing 5% of the total housing units in the target area and 41 Real Estate Owned (REO) houses representing 3% of the housing stock. The estimated percent of housing units with a high cost mortgage between 2004 and 2007 was over 25%. Based upon this data, it is likely that Soledad could experience a significant rise in the rate of home foreclosures this year. Data on foreclosures in the target area indicate that there were ten foreclosed homes listed for sale in the target area. Based upon this data, the target area was sized to be large enough to have some choices in purchasing houses. The target area's NSP3 score is 18.08 and has a high percentage of area benefit eligibility (81.51% at less than 120% AMI and 58.71% at less than 80% of AMI).

Given the size of the allocation, no tiered approach was utilized to determine the distribution of funding.

Based upon the above areas of need, the County is proposing three activities:

- Purchase and demolition by a non-profit of an abandoned property located in the City of Marina and subsequent new construction of 21 units of affordable rental housing for psychiatrically disabled restricted to those earning less than 50% of the Area Median Income (AMI) plus one manager's unit;
- Purchase and rehabilitation of two foreclosed single family homes with subsequent resale to a non-profit to be used for rental housing for those with special needs and restricted to those earning less than 50% of the Area Median Income (AMI); and

- Purchase and rehabilitation of two to three foreclosed single family homes with subsequent resale to a non-profit to be used for rental housing for those with special needs and restricted to those earning less than 120% of the Area Median Income (AMI).

### **Ensuring Continued Affordability:**

The County will impose a minimum term of 15 years of affordability on rental housing acquired or developed with NSP3 assistance. Seven units at the Rockrose Gardens project in the City of Marina will be restricted by NSP funding to special needs populations earning no more than 50% of the AMI. Other funding sources will ensure that the units will remain affordable for 55 years. In Soledad, four to five houses with three to four bedrooms are to be purchased. Two will be restricted to special needs populations earning no more than 50% of the AMI with the balance restricted to special needs populations earning less than 120% of the AMI.

### **Definition of Blighted Structure:**

The following description of physical blight is found in the Section 33031 Subdivision (a) of the California Health and Welfare Code:

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.

### **Definition of Affordable Rents:**

Monterey County defines an affordable rental housing cost as rent plus an allowance for utilities. The Housing Authority of the County of Monterey publishes utility allowances annually. Affordable housing costs shall not exceed 30% of very low-income limits (50% of median income, adjusted by bedroom size) for very low-income households, or 30% of low-, moderate- and middle-income (LMMH) limits (120% of median income, adjusted by bedroom size) for LMMH households.

### **Housing Rehabilitation/New Construction Standards:**

The County has adopted Housing Rehabilitation Standards that are used for all County-sponsored residential rehabilitation projects. The Rehabilitation Standards to be utilized in order to determine the scope, eligibility, and completion of rehabilitation work are:

- Federal Housing Quality Standards;
- State of California, Health and Safety Code;
- If unit was built prior to 1978, Lead-Based Paint Regulations as provided in Title X of the Housing and Community Development Act of 1992 (see Appendix 10); (please note: for purposes of this NSP3 program, housing purchases will be limited to those structures built after 1978 so that there are no lead-based paint issues);
- Cost Effective Energy Conservation and Effectiveness Standards; and
- Section 504 Standards (applicable to multi-family structures).

The following codes adopted by Monterey County as they relate to:

- Repairs/replacement and rehabilitation completion in existing housing;
- New construction;
- Uniform Building Code;
- Uniform Mechanical Code;
- Uniform Plumbing Code;
- National Electrical Code; and
- Uniform Housing Code.

In addition to the above codes and standards, the following is a list of the major priorities that will be accomplished within the rehabilitation process:

- A sound, watertight roof, with the expectation of a minimum of ten years of weather protection;
- An adequate and safe heating system serving all the living space with a heating unit in good operating order and the expectation of a relatively long operating life;
- Plumbing in good working order, safe, and sanitary;
- Electrical service of a minimum of 100 amps with no unsafe conditions;
- Exterior surfaces in an adequate state of repair, sufficient paint on all surfaces needing weather protection, no rotted materials, and a generally stable condition with no threat of further deterioration;
- Foundation and floor support systems should provide adequate support to maintain the structural integrity of the building and correction of signs of undue settlement (i.e., installation of foundation systems);
- Structural components in sound condition and considered serviceable for the expected useful life of the building;
- Water penetration prevention measures and correction of any condition which might affect structural integrity;
- Adequate kitchen facilities including sink, cooking and refrigeration equipment, sanitary food preparation and storage space.
- Adequate rain-carrying system or controlled method of disposal of water from the roof and subfloor area to prevent moisture damage;
- Inspection sign-off of building for termite infestation and other wood-boring insects and fungus damage and fumigation for removal of infestation as needed;
- Domestic hot water provided for the kitchen, bath, and laundry facility;
- All interior surfaces (walls, floors, ceiling) in a finished condition so as not to impair normal usage of the space or create health hazards;
- Sufficient storage space for normal storage of clothes, household utensils, and other family items;
- Weather proofing (insulation and weather stripping) including attic spaces and all exposed exterior wall cavities, to the extent possible;
- Exterior openings that are weather-tight, in proper working order with locks, and, where appropriate, screens for windows;

- Proper lighting and sufficient ventilation in all habitable rooms;
  - Proper fire hazards prevention between dwellings with shared walls or attached garages;
  - Smoke detectors as required by code; and
  - Health hazards must be removed or contained, including lead-based paint, mold, asbestos, unsafe stairs, etc.; and
- After rehabilitation, the unit should meet locally adopted codes (to the extent feasible within program assistance limits).

**Vicinity Hiring:**

The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

**Procedures for Preferences for Affordable Rental Dev.:**

The County has targeted all NSP3 funds to serve special needs populations as identified in the County's annual housing report. The County will work with non-profit housing providers that work with low and moderate income communities to ensure that the units are affordable to these populations.

The seven NSP3 assisted units at Rockrose Gardens will provide preferences for the developmentally disabled earning less than 25% of AMI. The remaining 14 units will be restricted to the developmentally disabled earning less than 50% of AMI.

The balance of the NSP3 funds will be used to acquire homes in Soledad to provide affordable rental homes for special needs populations in that area of Monterey County. Special needs includes, but is not limited to, disabled individuals, seniors, farmworkers, and homeless or those at risk of becoming homeless. Soledad is populated by a large number of households who earn their living directly or indirectly from farm production so there is a high likelihood that the houses will be occupied by farmworkers.

**Grantee Contact Information:**

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<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$1,284,794.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$1,284,794.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Funds Obligated</b>	\$0.00	\$0.00
<b>Program Funds Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$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	\$192,719.10	\$0.00
Limit on Admin/Planning	\$128,479.40	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$128,479.40	\$128,479.00

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$321,198.50	\$650,000.00

## Overall Progress Narrative:

The County of Monterey was given access to DRGR during this quarter and entered its Action Plan into the system.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Rockrose Gardens	\$0.00	\$0.00	\$0.00
2, Acq & Rehab 2 SFD for special needs households earning less	\$0.00	\$0.00	\$0.00
3, Acq & Rehab SFD for special needs households earning less	\$0.00	\$0.00	\$0.00
4, General Administration	\$0.00	\$0.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

## Activities

**Grantee Activity Number:** 1

**Activity Title:** Rockrose Gardens

**Activity Category:**

Acquisition - general

**Project Number:**

1

**Projected Start Date:**

03/16/2011

**Benefit Type:**

Direct Benefit (Households)

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Under Way

**Project Title:**

Rockrose Gardens

**Projected End Date:**

03/30/2014

**Completed Activity Actual End Date:**

**Responsible Organization:**

Interim, Inc.

<b>Overall</b>	<b>Apr 1 thru Jun 30, 2011</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$325,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$325,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Funds Obligated</b>	\$0.00	\$0.00
<b>Program Funds Expended</b>	\$0.00	\$0.00
Interim, Inc.	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

Interim Inc. proposes to acquire a site and demolish two buildings containing eleven abandoned blighted units located on the former Fort Ord. The acquisition price will be 99% or less of the appraised value. The activity will address local market conditions by removing blight and providing much needed affordable rental housing for individuals with psychiatric disabilities. The provision of rental housing for special needs populations has been identified by the County of Monterey as a top priority.

Interim plans to build 21 new one-bedroom units on the site to be used as rental housing for people with psychiatric disabilities plus one manager's unit. To the extent possible, local hiring will be provided for. The site is in close proximity to other shared housing managed by the same non-profit provider which will facilitate the delivery of existing supportive services to the residents. Seven of the 21-units will be assisted with NSP3 which will fund some or all of the following activities: acquisition, demolition, pre-development, and/or construction costs. Interim currently has a long waiting list of individuals in need of affordable housing. Preference will be given to Monterey County residents. Procedures for preferences will be outlined in the Marketing and Fair Housing Plan.

Interim intends to manage the property directly. Interim will also provide coordination of services to be provided by both Interim as well as outside agencies. Interim has more than 30 years of experience in developing, owning, and managing property linked to services for people with psychiatric disabilities. Interim provides housing for more than 200 mental health consumers in permanent and transitional supportive housing in both individual apartments and shared housing units in 17 separate housing developments. Interim has a housing management division including management and maintenance staff. Interim's fiscal staff is experienced in management of grants and loans under the HUD 811 and HUD SHP programs, HOME and CDBG funding, tax credits, HCD SUHRP, federal Permanent Housing for the Handicapped Homeless programs, as well as the Mental Health Services Act Housing Program.

**Location Description:**

The Rockrose Gardens project is located on the former Fort Ord in Marina, California. The housing will serve clients from throughout Monterey County. Because of its use as a former military base, all of the housing in the target area is developed with multi-family housing.

## Activity Progress Narrative:

The development of Rockrose Gardens is still in the planning stages. During the last quarter Interim achieved the following milestones:

The DDA signed with Marina was signed 2-8-11 by the Maria City Manager.

The HUD 811 application was submitted electronically on 6/22/11.

As part of the requirements for this application all required environmental testing has been completed. A Phase 1 Environmental Site Assessment with followup Tier 2 soil gas and surface lead testing (no Phase 2 ESA was required), a Pre-NEPA Environmental Report, Biological Assessments, Archeological/Cultural Assessment, and asbestos tests have been done. These tests, while open to interpretation have not revealed anything that looks like it will be a problem to HUD or any other funders. The noise tests that were part of the Pre-NEPA Environmental Report require us to replace a fence with a sound wall on the south side of one of the 3 buildings as well as install sound mitigating windows. The Biological Assessment revealed that we have several species of concern which will require negotiation with Fish and Game on a mitigation plan. This will most likely involve moving and replanting a very small number of endangered sand gilia and protecting several other animal and plant species during construction. Some asbestos was found which will be mitigated before demolition. We have also received a letter from Marina stating we have water allocated to us.

The City of Marina gave us a Categorical Exemption from CEQA.

We received Planning Approval from the City of Marina on June 9, 2011 which includes a tree removal permit which will allow us to remove 27 trees. Prior to this we received Design Review Board approval.

We have will serve letters from:

- Marina Coast Water District (water and sewer)
- The City of Marina (water allocation);
- AT&T (telephone);
- Waste Management (Trash and recycling);
- PG&E (electricity and gas)

## Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/7
# of Multifamily Units	0	0/7

## Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/7	0/0	0/7	0
# Renter Households	0	0	0	0/7	0/0	0/7	0

## 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	