



**CITY OF ANTIOCH
CALIFORNIA**

**NEIGHBORHOOD STABILIZATION PLAN (NSP)
SUBSTANTIAL AMENDMENT TO
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) AND ANTIOCH DEVELOPMENT
AGENCY (ADA)
FISCAL YEAR 2008-2009
ACTION PLAN**

NOVEMBER 2008

Revised & Submitted to HUD January 27, 2009

<p>Jurisdiction: City of Antioch, California</p> <p>Jurisdiction Web Address: http://www.ci.antioch.ca.us/CitySvcs/CDBG_Housing.htm</p>	<p>NSP Contact Persons: Janet Kennedy, Housing Coordinator & Sharon Cohen, CDBG Coordinator</p> <p>Physical Address: Third & "H" Streets, Antioch, CA 94509</p> <p>Mailing Address: P.O. Box 5007, Antioch, CA 94531-5007</p> <p>Telephone: (925) 779-7013</p> <p>Fax: (925) 779-7003</p> <p>Emails: Janet Kennedy - jkennedy@ci.antioch.ca.us Sharon Cohen - cohenconsulting@yahoo.com</p>
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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction.

***Note:** An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction’s consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State’s own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions’ consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity’s own plan. HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data in developing this section of the Substantial Amendment.*

RESPONSE:

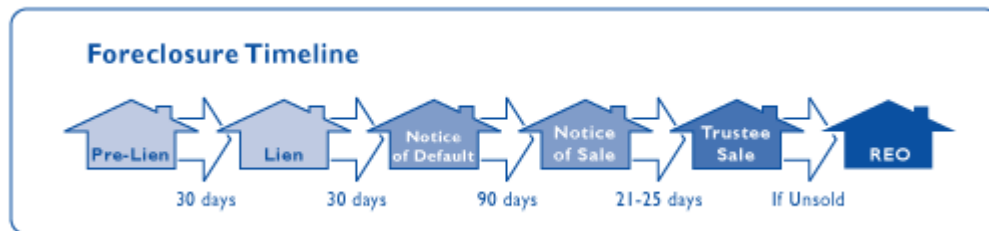
Antioch is one of the oldest towns in California, having been founded in 1850. The City of Antioch encompasses approximately 28 square miles and is located on the banks of the San Joaquin River at the western end of the San Joaquin-Sacramento River Delta. Today, Antioch is mainly a ‘bedroom’ community, a suburb of San Francisco and Oakland located in Contra Costa County in the East Bay region of the San Francisco Bay Area. The town has seen an enormous amount of growth in the last 30 years as the population of the Bay Area continues to grow and real estate prices force families to move towards the outskirts of the Bay Area. Antioch has been known as the “Gateway to the Delta” although recently the city is best known for something quite different.

According to RealtyTrac.com website, Antioch currently has 3,316 properties in pre-foreclosure, bank-owned or for-auction. The City of Antioch is one of the hardest hit communities in the foreclosure crisis. Inflated home prices, readjusted high interest rates and predatory lending practices have paved the way for this city’s worst real estate condition. The City of Antioch immediately responded with participation in foreclosure

workshops to educate those facing foreclosure, additional funding for housing counseling to help navigate through options and collaboration with the CDBG Consortium members to spread the word of resources available.

In California, lenders may foreclose on deeds of trusts or mortgages in default using either a judicial or non-judicial foreclosure process. The foreclosure process begins when a borrower/owner defaults on loan payments (usually mortgage payments) and the lender files a public default notice, called a Notice of Default (NOD) or Lis Pendens. The foreclosure process can end one of four ways:

1. The borrower/owner reinstates the loan by paying off the default amount during a grace period determined by state law. This grace period is also known as pre-foreclosure.
2. The borrower/owner sells the property to a third party during the pre-foreclosure period. The sale allows the borrower/owner to pay off the loan and avoid having a foreclosure on his or her credit history.
3. A third party buys the property at a public auction at the end of the pre-foreclosure period.
4. The lender takes ownership of the property, usually with the intent to re-sell it on the open market. The lender can take ownership either through an agreement with the borrower/owner during pre-foreclosure, via a short sale foreclosure or by buying back the property at the public auction. Properties repossessed by the lender are also known as bank-owned or REO properties (Real Estate Owned by the lender).



From Realty Trac, <http://www.realtytrac.com/foreclosure/overview.html>

The Housing and Economic Recovery Act of 2008 calls for allocating funds to States and local governments with the greatest need, as determined by:

- a. "The number and percentage of home foreclosures in each State or unit of general local government;
- b. "The number and percentage of homes financed by a subprime mortgages in each State or unit of general local government; and
- c. "The number and percentage of homes in default or delinquency in each State or unit of general local government."

To ensure these funds have the maximum impact possible and are targeted to States and local communities with the highest needs, HUD analyzed data from several different sources, including:

- The Mortgage Bankers Association National Delinquency Survey data on the rate of foreclosure starts in 2007 and 2008 as well as current rates of subprime loans and loans in default or delinquency at the state-wide level;
- Census Bureau data from 2006 on the number of owner-occupied mortgages in each state to ensure that all states are treated equally;
- Federal Reserve's Home Mortgage Disclosure Act (HMDA) data on owner-occupied and investor mortgages made between 2004 and 2006, as well as the percent of those loans that are high-cost;
- Vacancy data from the U.S. Postal Service to determine areas where abandonment of homes due to foreclosure is more likely;
- Public data from the Office of Federal Housing Enterprise Oversight (OFHEO) to measure home price declines; and
- Labor Department data on the rate of unemployment at the city and county level.

Using data from the Mortgage Bankers Association (MBA) National Delinquency Survey as of June 2008, HUD has calculated the approximate number of foreclosure starts for all of 2007 and the first six months of 2008 (“Foreclosure Starts over 18 months”) at the statewide level.

The Mortgage Bankers Association (MBA) data are not available for geographic areas smaller than states. As such, HUD has identified data collected by other federal agencies that prove to be good predictors of where foreclosures are likely. HUD has used those data to “distribute” the statewide counts of foreclosure starts among the neighborhoods, places, and counties within each state.

To test the reliability of HUD’s estimated foreclosure rate at the local level, HUD asked the Federal Reserve to compare HUD’s estimate to data the Federal Reserve had from Equifax showing the percent of households with credit scores that were delinquent on their mortgage payments 90-days or longer. The Equifax data are based on a 5 percent sample of all credit records in the United States. As such, they are more reliable for counties with higher population counts (a larger sample size reduces sampling error) than those with smaller population counts. At the statewide level, 90-day delinquencies from Equifax and the MBA data on foreclosure starts are closely related, that is they have a very high correlation with one another (0.90 where 1 is a perfect correlation).

Analysis by the Federal Reserve staff found that when comparing the HUD predicted county foreclosure rates to the Equifax county level rates of delinquencies, HUD’s data and the Equifax data had high intrastate correlations. Within California, the correlation was 0.835 (where 1 is a perfect correlation).

HUD also obtains data from the United States Postal Service (USPS) on addresses that have been vacant for 90-days or longer. The USPS collects these data to reduce delivery of bulk mail to homes where no one is picking up the mail. While there are many reasons

for homes being vacant for 90-days or longer, HUD believes that if a Census Tract is found to be estimated to have a higher rate of foreclosures and it has a high rate of homes 90-days or more vacant, abandonment risk associated with the foreclosure crisis is higher in those neighborhoods.

HUD is providing its data on estimated foreclosures (based on risk) and vacancy data to assist state and local governments in their efforts to target the communities and neighborhoods with the greatest needs. These data points are included in **Attachment A**.

HUD has created data files at several areas of geography to assist local and state governments:

- (1) County
- (2) County-Place
- (3) Census Tract
- (4) Block Group (part)

The County, County-Place, and Census Tract files contain the same data:

- Estimated number and percent of foreclosure starts over the past 18 months through June 2008
- Number and percent of vacant addresses in June 2008
- Data used to calculate the estimated foreclosure rates
 - Federal Reserves Home Mortgage Disclosure Act Data on high cost loans
 - Office of Federal Housing Enterprise Oversight Data on falling home prices
 - Bureau of Labor Statistics data on place and county unemployment rates

The Block Group (part) file includes:

- Number and percent of persons estimated at less than 120 percent of median income
- A “foreclosure and abandonment risk score” that is a function of the estimated foreclosure rate and percent of addresses vacant
- Percent of foreclosure starts over the past 18 months through June 2008
- Percent of vacant addresses in June 2008
- Data used to calculate the estimated foreclosure rates
 - Federal Reserves Home Mortgage Disclosure Act Data on high cost loans
 - Office of Federal Housing Enterprise Oversight Data on falling home prices
 - Bureau of Labor Statistics data on place and county unemployment rates

To assist grantees in identifying areas of greatest need, HUD developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. The given risk score is from 1 to 10, where 0 indicated a very low risk

that a neighborhood will have foreclosed and abandoned homes and 10 suggests a very high risk.

Using this list provided by HUD, the City of Antioch has **52** total areas of interest; **13** of which had a risk score of 10; **9** had a score of 9; **22** had a score of 8; **6** had a score of 7; and **2** had a risk score of 6.

Areas of Greatest Need

Jurisdictions that receive NSP funds must give priority emphasis to the areas of greatest need within their states, including those:

- (1) With the greatest percentage of foreclosures,
- (2) With the highest percentage of homes financed by subprime mortgage related loans, and;
- (3) Identified as likely to face a significant rise in the rate of home foreclosures.

TABLE 1: SUMMARY OF NSP DATA

Census Tract	Block Group	Middle Low Mod Eligible (Area Benefit)	Estimated Foreclosure Abandonment Risk Score	HMDA Hi Cost Loan Rate	Predicted 18 Month Underlying Problem Foreclosure Rate	USPS Residential Vacancy Rate
305000	3	YES	10	42.5%	9.9%	4.9%
305000	1	YES	10	42.5%	9.9%	4.9%
305000	2	YES	10	42.5%	9.9%	4.9%
305000	3	YES	10	42.5%	9.9%	4.9%
305000	4	YES	10	42.5%	9.9%	4.9%
305000	5	YES	10	42.5%	9.9%	4.9%
305000	6	YES	10	42.5%	9.9%	4.9%
307102	1	YES	10	38.7%	9.3%	4.8%
307102	2	YES	10	38.7%	9.3%	4.8%
307102	3	YES	10	38.7%	9.3%	4.8%
307102	4	YES	10	38.7%	9.3%	4.8%
307202	1	YES	10	50.1%	11.1%	6.5%
309000	3	NO	10	31.7%	7.8%	7.5%
306001	1	YES	9	34.2%	8.5%	4.2%
306001	2	YES	9	34.2%	8.5%	4.2%
306001	3	YES	9	34.2%	8.5%	4.2%
306001	4	YES	9	34.2%	8.5%	4.2%
306001	5	YES	9	34.2%	8.5%	4.2%
307205	1	YES	9	33.2%	8.4%	3.5%
307205	2	YES	9	33.2%	8.4%	3.5%
307205	3	YES	9	33.2%	8.4%	3.5%
307205	4	YES	9	33.2%	8.4%	3.5%
306002	2	NO	8	29.5%	7.8%	2.4%
306002	1	YES	8	29.5%	7.8%	2.4%
306002	2	YES	8	29.5%	7.8%	2.4%
307201	1	YES	8	36.2%	8.9%	1.6%
307201	2	YES	8	36.2%	8.9%	1.6%
307204	1	YES	8	31.0%	8.0%	1.8%

307204	2	YES	8	31.0%	8.0%	1.8%
307204	3	YES	8	31.0%	8.0%	1.8%
307204	4	YES	8	31.0%	8.0%	1.8%
308001	1	YES	8	29.3%	7.8%	3.3%
308001	2	YES	8	29.3%	7.8%	3.3%
308001	3	YES	8	29.3%	7.8%	3.3%
308001	4	YES	8	29.3%	7.8%	3.3%
308001	5	YES	8	29.3%	7.8%	3.3%
308002	1	YES	8	23.8%	6.9%	3.3%
355101	1	NO	8	25.3%	6.8%	2.6%
355101	1	NO	8	25.3%	7.1%	2.6%
355106	2	YES	8	26.4%	7.3%	3.0%
355106	3	NO	8	26.4%	7.3%	3.0%
355106	1	YES	8	26.4%	7.3%	3.0%
355106	2	NO	8	26.4%	7.3%	3.0%
355106	3	YES	8	26.4%	7.3%	3.0%
307101	1	YES	7	26.0%	7.2%	1.6%
307101	2	YES	7	26.0%	7.2%	1.6%
307101	3	YES	7	26.0%	7.2%	1.6%
313103	1	NO	7	24.6%	6.7%	2.3%
313103	1	NO	7	24.6%	6.7%	2.3%
302004	1	NO	7	25.7%	7.2%	1.7%
303200	3	YES	6	18.3%	6.0%	1.1%
303200	3	YES	6	18.3%	6.0%	1.1%

Recent analysis shows that of the 22 census tracts and block groups reporting the highest risk abandonment scores of 10 and 9, twenty one of those, or 95%, are in low and moderate income neighborhoods. The areas are contiguous and contain the downtown areas of Antioch. The high risk areas are located on both the north and south sides of Highway 4, the freeway that runs through the middle of Antioch.

These areas also show the highest vacancy rates. The city has a long history of utilizing both it's CDBG and its redevelopment housing set aside funds in this area. Antioch will continue to concentrate its stabilization efforts in the 22 areas found on Map B-6.

B. DEFINITIONS AND DESCRIPTIONS

- (1) "Abandoned" A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.
- (2) "Affordable Housing Cost for Owner-Occupied Housing"
 - a. For low income households, affordable housing cost shall not exceed the product of 40 percent times 50 percent of the area median income adjusted for household size appropriate for the unit.
 - b. For moderate income households, whose gross incomes exceed the maximum income for low income households and do not exceed middle

income households, the product of 40 percent times 70 percent of the area median income adjusted for household size appropriate for the unit.

- c. For middle income households, affordable housing cost shall not exceed the product of 40 percent times 110 percent of the area median income adjusted for household size appropriate for the unit.

(3) “Affordable Rents”

- a. For low income households, the product of one-twelfth of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit, less an allowance for tenant paid utilities.
- b. For moderate income households whose gross incomes exceed the maximum income for low income households, the product of one-twelfth of 30 percent times 65 percent of the area median income adjusted for family size appropriate for the unit, less an allowance for tenant paid utilities.
- c. For middle income households, the product of one-twelfth of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit, less an allowance for tenant paid utilities.

- (4) “Area Median Income” shall be determined by the U.S. Department of Housing and Urban Development for the Oakland-Fremont , CA HUD Metro FMR area. This area includes all of Alameda and Contra Costa counties.

- (5) “Blighted Structure” shall mean buildings or conditions causing blight as defined in California Health and Safety Code Section 33031(a)(1) and (2)

- (6) “Continued Affordability” for Owner Occupied Housing shall meet or exceed the HOME Investment Partnerships Act (HOME) minimum requirements [24 CFR 92.254 (a)(4) and (5)] and shall mean one or more of the following:

- a. Deed Restricted Programs: Buyers of homes assisted with NSP funds in a deed restricted program shall enter into a resale restriction agreement that shall restrict the future sales price to keep the home affordable to future buyers. The resale restriction will also require future purchasers to be low, moderate, or middle income, occupy the home as their primary residence, and enter into a new resale restriction. These programs will meet or
- b. Shared Appreciation Loans: Buyers of homes assisted with NSP funds in a shared appreciation program shall execute a promissory note and deed of trust which will secure the loan principal plus a share of the appreciation. Any loan repayments made during the first five years of the NSP program will be used to subsidize additional purchasers of foreclosed homes.
- c. Lease to Purchase Program: The County will consider lease to purchase programs if it determines there is a lack of qualified purchasers. It may be beneficial for a potential homeowner to live in the home and make lease payments while working to improve their credit. A portion of the lease payments will be set aside in an account to accrue into a downpayment.

- (7) “Current market appraised value” shall mean the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.
- (8) “Foreclosed”. A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.
- (9) “High Priority Areas” are the cities and communities that have a high score in at least two of the three areas discussed in Section C below.
- (10) “Household size appropriate for the unit” shall mean the following
- | | |
|------------------|----------|
| Studio Apartment | 1 person |
| One Bedroom | 2 people |
| Two Bedroom | 3 people |
| Three Bedroom | 4 people |
| Four Bedroom | 5 people |
- (11) “Housing Costs for Owner-Occupied Housing” shall mean all of the following costs associated with a particular housing unit:
- principal and interest on mortgage loans, and any loan insurance fees associated with the loan;
 - property taxes and assessments;
 - fire and casualty insurance;
 - property maintenance and repairs;
 - reasonable allowance for utilities not including telephone or cable; and homeowners association fees, if any.
- (12) “Low Income” shall mean households whose income does not exceed 50 percent of the area median income.
- (13) “Low Priority Areas” are the cities and communities that do not have any high scores in the three areas discussed in Section C below.
- (14) “Medium Priority Areas” are the cities and communities that have at least one high score in the three areas discussed in Section C below.
- (15) “Middle Income” shall mean households whose income does not exceed 120 percent of the area median income.

- (16) “Moderate Income” shall mean households whose income does not exceed 80 percent of the area median income.
- (17) “Rehabilitation Standards” shall mean the applicable residential standards in the California Building Code as amended by the California Building Standards Commission.
1. HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

C. DISTRIBUTION AND USES OF FUNDS

*Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee’s narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.*

RESPONSE:

The City has analyzed the three HERA required criteria for the distribution of NSP funds. These include those areas with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified as likely to face a significant rise in the rate of home foreclosures (See **Attachment B - Maps**). All programs listed in **Section G** will be available in the High Priority Areas. If funding remains available after serving the High Priority Areas, some, but not all of the programs, will be available in the Medium Priority Areas. NSP funded programs will not be available in the Low Priority Areas.

D. LOW INCOME TARGETING

RESPONSE:

\$1,012,307.02 (25% of total NSP funds) will be used for housing individuals and families whose incomes do not exceed 50 percent of area median income. These programs may include purchase and rehabilitation assistance of abandoned or foreclosed properties including self-help homeownership or rental housing assistance within the High Priority Areas. The City will utilize its existing programs for home purchase by First Time Homebuyers and to provide homeownership counseling.

E. ACQUISITION AND RELOCATION

NSP funds will be used primarily to acquire and rehabilitate foreclosed properties. Some funds may be used to provide downpayment assistance or silent second shared appreciation loans to eligible households for the direct purchase of foreclosed homes. The programs will be limited to vacant homes. Demolition and conversion of blighted structures is not a City of Antioch priority for NSP funds. However, during program implementation, the City may become aware of structures that should be immediately demolished. In that case, the City will make every effort to work with a non-profit developer to build a new home to be sold to a low, moderate, or middle income household. Additional information on all programs is included in **Section G** below.

F. PUBLIC COMMENT

The substantial amendment was advertised on Friday, November 13, 2008, in the Contra Costa Times (**Attachment C**), posted on the City's website (**Attachment D**) and the Antioch City Council held a public hearing on November 7, 2008 and received the following comments:

City Council Members Comments

Council Member Brian Kalinowski - wants the City to focus more on the rehabilitation and less on the purchase so we can improve more properties, and to use Fannie Mae and Freddie Mac loan products and lenders that know their programs.

Council Member Arne Simonsen – wants the City to work with the Board of Realtors to get input and participation from REO specialists. Listed off several names of folks we should talk to and wants a report back following NSP-related meetings.

Council Member Reginald L. Moore - wants to focus on rehabilitation rather than purchase, and wants Council to be involved in the development of the NSP team.

Public Comments

Ralph Garrow - Representing Delta Association of Realtors. Have the expertise and want to help with the development of the program. Will help in anyway they can.

Ken Lee - City needs to keep looters out of the vacant properties, needs to add alarms, exterior lighting and keep yards maintained so property doesn't look vacant. More checking on property by the Police Dept. Have a hotline number so break-ins can be reported. Make sure all the damages are disclosed to prospective buyers.

Bernie Watts - Questioned whether the program had been used before. Stated that they are very interested in purchasing a home and has looked at many foreclosed properties that have been completely stripped inside.

John Howard - Is the City considering using the FHA 203K program? He has information and thinks the program would be a good fit with NSP.

Attachment E is the November 18, 2008, City Council Meeting Staff Report.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Revolving Fund for Purchase and Rehabilitation

- (a) Activity Type: *NSP eligible use*: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG eligible activity: Acquisition, Disposition, Relocation, Direct Homeownership Assistance, Eligible rehabilitation and preservation activities for homes and other residential properties, housing counseling for those seeking to take part in the activity.

- (b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.
- (c) Projected Start Date: March, 2009
- (d) Projected End Date: On-going
- (e) Responsible Organization: Programs initially will be implemented by the City of Antioch through the office of the City Manager. The City anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: High Priority Areas

- (g) Activity Description:

It is anticipated that 80 percent of the purchasers will be moderate income and the remaining 20 percent will be middle income. This activity is not expected to meet the low income housing requirement.

The first priority is for the homes to be sold to LMMI households. If purchase ready buyers can not be identified, the homes may be made available for lease to

purchase or rental. The City anticipates using its First Time Homebuyer program to identify qualified buyers.

The homes will be sold for an amount equal to or less than the total amount of funds used to acquire and rehabilitate the home. Homebuyers will be required to sign a 20 year resale restriction or a shared appreciation promissory note. If redevelopment housing set-aside funds are used to supplement NSP funds, the buyer will be required to enter into a 45 year resale restriction.

In the High Priority Areas, resale restrictions may be a deterrent to buyers who would rather purchase a home without restrictions. Therefore, shared appreciation loans may be a more practical approach. **Attachment F** has additional information on resale restrictions and shared appreciation loans.

This activity will target properties that can be purchased and rehabilitated for under \$200,000. Recent analysis of the City's First Time Homebuyer program indicates an average home purchase price of just over \$200,000. All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

As a member of the Contra Costa County CDBG Consortium, Antioch anticipates some combined efforts with neighboring NSP communities as a means to maximize resources and develop consistent programs and assistance. Using the CDBG Consortium model funding, billing and reporting will be done individually between the various NSP communities. Current subrecipients report to each consortium agency using consortium documents and forms but each is split to show activities and services for each individual community. Using the CDBG model will be helpful to understand the effectiveness of the NSP program on a Countywide level.

(h) Total Budget: \$2,000,000

The project budgets will be modified as additional funds are identified. This budget includes only NSP funds.

(i) Performance Measures: Initially 10 homes will be purchased and rehabilitated. Additional homes will be purchased and rehabilitated if additional funding can be identified and if the first 9 units are sold quickly so that the sales revenue can be used to purchase and rehabilitate additional homes.

(2) Revolving Fund for Purchase and Self Help Rehabilitation

- (a) Activity Type: *NSP eligible use*: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

CDBG eligible activity: Acquisition, Disposition, Relocation, Direct Homeownership Assistance, Eligible rehabilitation and preservation activities for homes and other residential properties, housing counseling for those seeking to take part in the activity

- (b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.
- (c) Projected Start Date: March, 2009
- (d) Projected End Date: On-going
- (e) Responsible Organization: Programs initially will be implemented by the City of Antioch. The City anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: High Priority Areas
- (g) Activity Description:

This activity is intended to meet the low income housing requirement. It is expected that this activity will be carried out by a non profit that specializes in self help housing. The non-profit will select homebuyers who will assist in the rehabilitation of their future home. This work not only provides a “sweat equity” stake in the home, but also teaches the homebuyer valuable home maintenance skills. The non-profit will be the mortgage lender and will structure the loan to be affordable to the specific household. The typical structure provides a 30 year, zero interest, amortizing loan with a forgivable appreciation share provision. NSP funds will leverage volunteer labor, foundation grants, and donations of materials.

The homes will be sold for an amount equal to or less than the total amount of funds used to acquire and rehabilitate the home. Homebuyers will be required to sign a 20 to 30 year resale restriction with the non profit entity operating the self-help program. The County will have a right of first refusal to purchase the home should the non-profit entity not be in a position to exercise its right in a future

transaction. If redevelopment housing set-aside funds are used to supplement NSP funds, the buyer will be required to enter into a 45 year resale restriction.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

- (h) Total Budget: \$600,000
The project budgets will be modified as additional funds are identified. This budget includes only NSP funds.
- (i) Performance Measures: Initially 4 homes will be purchased and rehabilitated. Additional homes will be purchased and rehabilitated if additional funding can be identified.

(3) Downpayment Assistance/Shared Appreciation Loans

- (a) Activity Type: *NSP eligible use*: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

CDBG eligible activity: Acquisition, Relocation, Direct Homeownership Assistance, and housing counseling for those seeking to take part in the activity.

- (b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.
- (c) Projected Start Date: March, 2009
- (d) Projected End Date: On-going
- (e) Responsible Organization: Programs initially will be implemented by the City of Antioch. The City anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: High Priority Areas
- (g) Activity Description:
This activity is not intended to meet the low income housing requirement. This activity will provide downpayment and/or silent second shared appreciation mortgage assistance and will work with the City's existing First-Time Homebuyer

program (Brochure is included as **Attachment G**). Buyers will be required to contribute at least 3 percent of the purchase price from their own funds. NSP loans will be provided only with 30 year, fixed interest rate loans that conform to California Housing Finance Agency or FHA underwriting criteria.

NSP loans will be provided as deferred payment, shared appreciation loans. The loans will be limited to 15 percent of the purchase price, not to exceed \$40,000. Purchase prices are limited to \$400,000. Payments on the loans will be deferred until sale of the home or if the owner no longer occupies the home. When the loan is paid, the borrower will pay the original principal plus a share of the appreciation equal to the percentage of the NSP loan to the original purchase price. Adjustments will be made for capital improvements and deferred maintenance.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

(h) Total Budget: \$120,000.

The project budget will be modified as additional funds are identified. This budget includes both NSP funds and Antioch Development Agency funds currently available through the First Time Homebuyer Program.

(i) Performance Measures: This activity should support the purchase of 4 homes.

(4) Low Income Rental

(b) Activity Type: *NSP eligible use*: Establish funding mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG eligible activity: Acquisition, Disposition, Relocation, Eligible rehabilitation and preservation activities for homes and other residential properties.

(b) National Objective: Low-Moderate-Middle-Income (LMMI) housing.

(c) Projected Start Date: July, 2009

(d) Projected End Date: On-going

- (e) Responsible Organization: Programs initially will be implemented by the City of Antioch. The City anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: High Priority Areas

- (g) Activity Description:

This activity is for the purchase and rehabilitation of residential properties suitable for long term rentals. This activity will meet the low income housing requirement if the self-help homeownership rehabilitation program is not feasible.

Residential units in this program may include single-family homes from Activity 1 that did not sell and were not included in a lease purchase program. This activity may also include multi-family rental developments such as 4-plexes. It is expected that these units would be acquired and managed by local non profit housing agencies. NSP funds used to support rental projects will be provided as deferred loans with 0 to 3 percent interest rates.

Antioch has existing contracts for housing rehabilitation services from the County Neighborhood Preservation Program for single family rehab and the Housing Authority of Contra Costa for multifamily properties. The City intends to use both programs to assist with NSP rehabilitation projects where appropriate.

Rental units will be required to remain affordable to low income households for a minimum of 20 years. If redevelopment housing set-aside funds are used to supplement NSP funds, the owner will be required to enter into a 55 year rent restriction agreement.

All properties will be purchased at a minimum of 5 percent less than the appraised value with a portfolio average discount of 15 percent. However, staff will evaluate whether the NSP exception discount of 10 percent can be justified. Appraisals shall be consistent with the appraisal requirements of the Uniform Relocation Act.

- (h) Total Budget: \$924,306

- (i) Performance Measures: Funds should partially support the acquisition of vacant land or the acquisition and rehabilitation of an existing rental property. This activity should support the purchase and rehabilitation of four single family

homes, purchase and rehabilitation of two 4-plex properties or the partial purchase of vacant property for one multifamily development.

(5) Demolition and Land Banking

- (c) Activity Type: *NSP eligible use*: Establish land banks for homes that have been foreclosed upon. Demolish blighted structures.

CDBG eligible activity: Acquisition, Disposition (includes maintenance), Clearance for blighted structures.

- (b) National Objective: Low-Moderate-Middle-Area of Benefit (LMMA) housing.

- (c) Projected Start Date: July, 2009

- (d) Projected End Date: On-going

- (e) Responsible Organization: Programs initially will be implemented by the Contra Costa County Department of Conservation and Development. The County anticipates it will identify development partners through a request for qualifications or request for proposals process in early 2009.

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- (f) Location Description: High Priority Areas

- (g) Activity Description:

This activity is for the purchase and demolition of blighted residential properties. Properties may be held as vacant sites for up to ten years. However, the City will use our best efforts to rebuild on the site as soon as practicable.

(6) Homebuyer Pre-purchase Counseling

- (a) Activity Type: *NSP eligible use*: Housing counseling for prospective purchasers/tenants.

CDBG eligible activity: Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties.

- (b) National Objective: Serving a limited clientele whose incomes are at or below 120 % of area median income (LMMC).

(c) Projected Start Date: March, 2009

(d) Projected End Date: On-going

(e) Responsible Organization: The City will work with HUD approved housing counseling agencies. Until an agency or agencies are identified, contact will be through the City's existing First Time Homebuyer program.

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(f) Location Description: High Priority Areas

(g) Activity Description:

This activity is intended to provide comprehensive pre-purchase counseling to prospective NSP participants much like the counseling required and provided from the City's First Time Homebuyer program. The counseling curriculum will include information on mortgage loans and the City's shared appreciation loans.

(h) Total Budget: None at this time.

It is anticipated that homebuyer counseling classes will be funded through other sources possible foundation grants or the city's redevelopment low/mod housing fund. This activity is currently offered through the First Time Homebuyer program.

(i) Performance Measures: Performance measures will be determined if this activity is funded.

(7) NSP Program Planning and Administration

(a) Activity Type: *NSP eligible use and CDBG eligible activity*: An amount of up to 10 percent of an NSP grant provided to a jurisdiction and up to 10 percent of program income earned may be used for general administration and planning activities as defined at 24 CFR 570.205 and 206.

Activity delivery costs, as defined in 24 CFR 570.206, may be charged to the particular activity performed above and will not count as general administration and planning costs.

Pre-award Costs: A grantee may incur pre-award costs necessary to develop the NSP Application and undertake other administrative and planning actions necessary to receive the NSP grant, in compliance with 24 CFR 570.200(h). Other eligible costs

such as assistance from code enforcement staff for the identification of properties may also be included.

(b) National Objective: N/A

(c) Projected Start Date: October 2008

(d) Projected End Date: On-going

(d) Responsible Organization: General NSP planning and administration will be carried out by the City of Antioch.

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(f) Location Description: High Priority Areas

(g) Activity Description:

Planning and administrative work will include all tasks associated with the development and publication of the NSP Substantial Amendment. Activity development and related legal documents will also be covered by the planning and administration budget. Staff will make every effort to limit planning and administrative costs so that additional funds can be used for program implementation.

(h) Total Budget: \$404,922.

(i) Performance Measures: Not applicable

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by

assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

<p>Jurisdiction: City of Antioch, California</p> <p>Jurisdiction Web Address: http://www.ci.antioch.ca.us/CitySvcs/CDBG_Housing.htm</p>	<p>NSP Contact Persons: Janet Kennedy, Housing Coordinator & Sharon Cohen, CDBG Coordinator</p> <p>Physical Address: Third & "H" Streets, Antioch, CA 94509</p> <p>Mailing Address: P.O. Box 5007, Antioch, CA 94531-5007</p> <p>Telephone: (925) 779-7013</p> <p>Fax: (925) 779-7003</p> <p>Emails: Janet Kennedy - jkennedy@ci.antioch.ca.us Sharon Cohen - cohenconsulting@yahoo.com</p>
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The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction?

Yes No . Verification found on page 6 & 7.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on page 10.

Note: The grantee’s narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of “blighted structure” in the context of state or local law,
 Yes No . Verification found on page 8.

- a definition of “affordable rents,”
Yes No . Verification found on page 7-8.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 8.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on page 9.

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on page 12-18.
- correlated eligible activity under CDBG,
Yes No . Verification found on page 12-18.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on page 12-18.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on page 12-18.
- appropriate performance measures for the activity,
Yes No . Verification found on page 12-18.
- amount of funds budgeted for the activity,
Yes No . Verification found on page 12-18.
- the name, location and contact information for the entity that will carry out the activity,
Yes No . Verification found on page 12-18.
- expected start and end dates of the activity?
Yes No . Verification found on page 12-18.

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,

Yes No . Verification found on page 17.

If the activity provides financing,

- the range of interest rates (if any),
Yes No . Verification found on page 13, 15 & 16.

If the activity provides housing,

- duration or term of assistance,
Yes No . Verification found on page 12, 14, 15 & 17.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on page 12-18.
- does it ensure continued affordability?
Yes No . Verification found on page 12-18.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 14 & 16.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 10, 14 & 16.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 14 & 17.
Amount budgeted = \$600,000 plus \$924,306.

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes No . (If no, continue to next heading)
Verification found on page ____.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units - i.e., $\leq 80\%$ of area median income - reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?

Yes No Verification found on page ____.

- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households - i.e., $\leq 120\%$ of area median income - reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?

Yes No Verification found on page ____.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?

Yes No Verification found on page ____.

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction's usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes No Verification found on page 11.

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page 11.

I. WEBSITE PUBLICATION

The following Documents are available on the grantee's website:

- SF 424 Yes No
- Proposed NSP Substantial Amendment Yes No
- Final NSP Substantial Amendment Yes No
- Subsequent NSP Amendments Yes No

Website URL: http://www.ci.antioch.ca.us/CitySvcs/CDBG_Housing.htm

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|---|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

- | | | |
|--|---|-----------------------------|
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |