

PUBLIC NOTICE

This Public Notice is for residents of the City of Bakersfield to have the opportunity to comment on the following HUD Action Plan Substantial Amendment: Amendment No. 7 (FY10/11) more fully described below.

This Amendment to the Neighborhood Stabilization Program (NSP3) is available for review at the following locations for public review: the City Clerk's Office, 1600 Truxtun Ave; Beale Library, 701 Truxtun Ave; Holloway-Gonzales Library; 506 E. Brundage Ln; Baker Street Library, 1400 Baker St; Northeast Library, 3725 Columbus St.; Southwest Library, 8301 Ming Ave; and at the City's web site (www.bakersfieldcity.us). The public comment period is for 15 days and citizens have until February 2, 2012 to provide the City with any written comments regarding the proposed amendment. On February 15, 2012 the City Council will consider the amendment. Subsequently, the amendment will be submitted to the Federal Department of Housing and Urban Development notifying them of the adopted changes.

Comments can be addressed to: Ryan Bland, Associate Planner at Economic and Community Development Department, 1600 Truxtun Avenue, Suite 300, Bakersfield, California 93301, phone (661) 326-3765, FAX (661)852-2138, or TDD (661) 321-9472.

AMENDMENT NO. 7 FY 10/11 ACTION PLAN

Project Title & Description	NSP Eligible Activity	Budgeted Amount of Funds	Budget Changes	Revised Total Funding
<i>CANCEL</i>				
Demolition or clearance of blighted structures within the NSP3 Focused Areas of Greatest Need by the City of Bakersfield or Redevelopment Agency to facilitate future LMMI housing.	D Demolition	\$332,093	-\$332,093	\$0
<i>INCREASE</i>				
Redevelop vacant properties with residential units to benefit families ≤ 120% of AMI.	E Redevelopment	\$2,058,602	\$332,093	\$2,390,695

Publish – January 18, 2012

CITY OF BAKERSFIELD

DRAFT NSP3 Substantial Amendment

FY 2010-11 Amendment No. 7

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Bland, Ryan
Email Address	rbland@bakersfieldcity.us
Phone Number	661-326-3765
Mailing Address	1600 Truxtun Ave., Ste 300, Bakersfield, CA 93301

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

Federal Housing Finance Agency - area home prices and price indexes; RealtyTrac – foreclosure and default rate information; U.S. Census Bureau – demographic and housing data; Kern County Assessor Data – notices of default and property ownership data; City of Bakersfield - building permit data and housing conditions data; Federal Finance Institutions Examination Council – subprime loan data; Mortgage Bankers Association – foreclosure data and delinquency rates; United States Department of Housing and Urban Development – NSP3 Neighborhood Score and various area foreclosure, vacancy, and housing market data; Bureau of Labor Statistics – unemployment data.

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.

Response:

As of the 2010 Census, the City of Bakersfield had a population of approximately 347,000 residents and 100,000 households within a 144 ± square mile boundary. According to 2011 year-end data released by RealtyTrac, the Bakersfield area was 9th nationally in Metropolitan Foreclosure Rates with 4.31% of households experiencing a foreclosure filing. Although, Bakersfield moved up from being ranked 12th to 9th nationally between 2010 and 2011, the City has seen a nearly 2% improvement in the foreclosure

rate.

According to the Kern County Assessor, 7,481 Notices of Default were filed in 2011, which represents a small improvement over the 10,319 Notices of Default that were filed in 2010. However, over 54,000 Notices of Default have been filed since the beginning of 2007, compared to the 38,682 Notices of Default that were filed in the ten-year period prior to 2007. The majority of these defaults occurred in the City of Bakersfield.

Due to the recent high default and foreclosure rates for the City of Bakersfield, the City of Bakersfield received \$3,320,927 from the Neighborhood Stabilization Program (NSP3) from the United States Department of Housing and Urban Development (HUD), under the Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). The NSP3 funding formula was determined based on the number of home foreclosures, homes financed by subprime mortgages, and number of homes in default or delinquent. The City NSP3 funds will be used to meet the Congressionally-identified needs of the abandoned and foreclosed homes in specific focused areas set forth in the Substantial Amendment to the City's Fiscal Year 2010-11 Action Plan and Consolidated Plan (ConPlan) 2015.

NSP3 requires funds to be narrowly focused geographically in such a way that the selected focused area(s) of greatest need may be impacted by the funds available to each recipient. More specifically, HUD requires that, based on the funds available to the City, areas of greatest need should be selected where the City may reasonably anticipate to assist at least a number of units equal to 20% of foreclosed units in the past year as determined by the HUD Foreclosure Need website (<http://www.huduser.org/nsp/nsp3.html>). Likewise, the HUD Foreclosure Need website provides a foreclosure need index for selected areas on a scale from 1 to 20, with a score of 20 representing the greatest need. HUD requires that the foreclosure need score for NSP3 focused neighborhoods in the State of California to be at least 17. Focused neighborhoods must be predominately (at least 51%) comprised of low- moderate- or middle-income (LMMI) households, defined as households earning at or below 120% area median income (AMI) annually. Finally, NSP3 funding must be used to assist LMMI residential units, except for at least 25% of funding which must be used to assist residential units for persons earning at or below 50% AMI.

Therefore, the City of Bakersfield utilized four primary criteria when selecting the NSP3 Focus Area of Greatest Need. First, City staff utilized Geographic Information Systems (GIS) software and Kern County Assessor/Recorder data to determine concentrations of likely vacant, foreclosed or abandoned properties as defined by NSP3. Second, preference was given to locations exhibiting the potential for sustainable and environmentally-friendly projects. Specifically, staff examined centrally-located concentrations of vacant, foreclosed or abandoned properties that provide reasonable access to public transportation, multi-modal transit options, and public and private services. Third, in order to optimize the potential for success of NSP3, staff assessed areas regarding the availability to leverage other available funding, such as Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funding. Finally, staff also accounted for NSP3 foreclosure need scores and area demographic requirements such as percentage of area households earning 120% of Area Median Income (AMI) or less.

Initially, the City of Bakersfield selected three noncontiguous NSP3 Focus Areas of Greatest Need for implementation of the Program. However, further assessment determined that having three separate project areas was problematic in administering the NSP3 program in the City of Bakersfield. Having three separate project areas caused two major, yet interconnected, issues. This approach created areas

that were relatively small in geographic area; and, second, the areas consisted almost exclusively of foreclosed single-family residences. Thus, fluctuations in the local single-family real-estate market, as well as the competitive nature of the local private-sector foreclosure market have made it difficult to establish a successful acquisition and rehabilitation program in such small geographic areas. Additionally, during 2011, the City of Bakersfield began experiencing some improvement in the single-family real-estate market. By summer 2011, foreclosure rates had dropped approximately 2% from the initiation of NSP3. However, Bakersfield's foreclosure rate is still higher than the national average.

Thus, the City has determined that it is more advantageous to implement the program in a single, larger NSP3 Focus Area of Greatest Need which best meets all of the aforementioned area selection criteria. This revised NSP3 Focus Area of Greatest Need is generally bounded by Chester Avenue to the west, 4th Street/Virginia Avenue to the south, the City Limits to the east, and 34th Street/Bernard Street to the north, and is essentially an expansion of one of the previously established areas (formerly Area A). The NSP3 foreclosure need score for this area is 19.7, and over 90% of residents in this area earn less than 120% AMI. Likewise, the NSP3 Focus Area of Greatest Need contains a high percentage of homes financed by subprime mortgage related loans, and shows a risk of additional foreclosures. According to RealtyTrac and the HUD Foreclosure Need website, approximately 29% of mortgages issued in Kern County between 2004 and 2007 were classified as high cost (or subprime) mortgages. Comparatively, over 42% of mortgages issued in the same timeframe in the NSP3 Focus Area of Greatest Need were subprime mortgages, far exceeding the average county rate. Furthermore, according to the same sources, over 21% of mortgages within these areas remain delinquent and/or in foreclosure. The Focus Area presents the City with opportunities to leverage additional resources. The entire Focus Area meets the low- and moderate-income area requirements for the City's HUD entitlement funding, and certain parcels within this area are eligible for Proposition 1C funding, a State of California grant awarded to the City of Bakersfield to address specific housing and economic development needs .

Once the NSP3 Focus Area of Greatest Need was determined, City staff again utilized GIS and Assessor/Recorder data to determine needs in the area which could be addressed utilizing NSP3 funds. Although a number of foreclosed properties existed within the Focus Area, the largest concern is the number of undeveloped or vacant land within the City's urban core, causing additional uncertainty in the Focus Area's housing market. Over 60 acres of land within the Focus Area (and within the City's urban core) is considered vacant as defined by NSP3. Prior to the downturn of the housing market, much of this area was experiencing public and private redevelopment, including the Mill Creek, South Mill Creek and Baker Street redevelopment projects planned and assisted by the City of Bakersfield and Bakersfield Redevelopment Agency. However, a number of these projects have since stalled due to financing issues associated with the current state of the housing market; and due the dissolution of Redevelopment Agencies by the State of California, new Redevelopment assistance is no longer available to assist affordable housing projects which were in the planning phase.

Therefore, the City of Bakersfield plans to utilize \$3,220,936 of NSP3 funding to redevelop vacant properties (eligible use E) with multi-family housing to benefit low-, moderate- and middle-income (LMMI) households (earning 120% AMI or less) within the NSP3 Focus Area of Greatest Need, \$830,232 of which will be used to benefit low-income households (earning 50% AMI or less). In analyzing the performance of the City's NSP1 program, the City utilized \$6.5 million assist 118 housing units, averaging approximately \$56,000 per unit. Thus, accounting for an approximate 8.5% reduction in median home sales price in the City of Bakersfield in the past 12 months (according to the Federal Housing Finance Agency), and anticipating "gap" financing necessary to make a multi-family project viable in the Focus Area and current housing market, the City estimates that it may reasonably assist approximately 50

units with \$3,220,936 designated for redevelopment of vacant properties.

Initially, the City budgeted NSP3 funds for demolition activities within the Focus Area as permitted by NSP3 (eligible use D). However, further evaluation of the Focus Area has determined that it is unlikely that demolition will be necessary as part of implementing NSP3. Rather, the dissolution of the City's Redevelopment Agency, and loss of unobligated Redevelopment funds, leaves the City of Bakersfield with numerous opportunities (planned Redevelopment Agency projects) to redevelop vacant properties which do not require a demolition component. The properties in question were formerly urbanized properties within the City's urban core, and meet the definition of "vacant" properties as defined by NSP3 regulations.

Although the Bakersfield Redevelopment Agency has been dissolved by the State of California, several Redevelopment projects which may be eligible for NSP3 funding still exist in the Focus Area. The City of Bakersfield has opted to become the "successor agency" for ongoing projects which had funding agreements in place with the Redevelopment Agency prior to its dissolution. Such projects, defined as "enforceable obligations" by the State of California, will continue to be eligible for the portion of future tax increment as defined in project-specific agreements. Prior to the use of any NSP3 funds in any project with multiple funding sources, the City of Bakersfield will conduct a subsidy layering analysis to determine the need for assistance and to ensure the project conforms to the requirements of all applicable program regulations.

Finally, according to the Bureau of Labor Statistics, the Bakersfield-Delano Metropolitan Statistical Area (MSA) has an unemployment rate of over 13%, exceeding the national rate of 8.5%. Likewise, the Kern County Assessor's 2011 data reports the lowest annual number of deeds recorded since 1998, showing evidence of a continued decline in home sales. Due to such factors, the City is giving preference to assisting LMMI (and low-income) rental units with NSP3 funds.

Per NSP3 requirements, any redevelopment (new construction) will meet Energy Star standards as described in the Definitions and Descriptions section of this document, and as described in NSP3 regulations.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	<ul style="list-style-type: none">• Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.• Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition may be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.• Adjacent or nearby uses that are incompatible with each other and

	<p>which prevent the economic development of those parcels or other portions of the area.</p> <ul style="list-style-type: none"> The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.
Affordable Rents	<p>Each NSP-assisted rental unit will be subject to rent limits designed to help make rents affordable to low income households. These maximum rents will be in accordance with HUD regulations at 24 CFR 92.252 which discusses rental housing and rent limitation (maximum HOME rents). HUD publishes the High and Low HOME rents and the FMRs for each area (PJ) annually. The City of Bakersfield will annually use the numbers provided to calculate High and Low HOME Rents for NSP assisted housing projects.</p>

Descriptions

Term	Definition
Long-Term Affordability	<p>The City will ensure NSP-assisted units meet affordability requirements in accordance with HOME program standards at 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The following summarizes the minimum period of affordability in years based on the amount of NSP funds provided per housing unit:</p> <ul style="list-style-type: none"> Less than \$15,000: 5 years; \$15,000 to \$40,000: 10 years; More than \$40,000: 15 years. <p>In any project which utilized both NSP3 and Redevelopment funding, the period of affordability will be 55 years as required by California Redevelopment laws.</p>
Housing Rehabilitation Standards	<p>Any unit being rehabilitated or constructed with NSP funds will be completed in accordance with the local housing code and zoning ordinances at the time of project completion. The City of Bakersfield local building code and zoning ordinances promote health and public safety in the construction and maintenance of buildings and structures, and the maintenance of property through the enforcement of uniform building construction codes, conservation standards, regulations and ordinances (Ord. 4087 § 2 (part), 2002).</p> <p>As of January 1, 2008, Bakersfield adopted new building construction codes (2007 CBC, CMC, CPC, CEC, California Existing Building Code, California Historic Building Code) that will apply to the NSP program and activities. These building construction codes will establish the standards for the NSP assisted rehabilitation work that will bring substandard housing into</p>

	<p>compliance with the City property standard.</p> <p>All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the HUD standard for Energy Star Qualified New Homes.</p> <p>All gut rehabilitation or new construction of mid- or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).</p> <p>Rehabilitation must, to the extent applicable as reviewed on a case-by-case basis, replace aging obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star products.</p>
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25%
 Total funds set aside for low-income individuals = \$830,232

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

At least \$830,232 will be appropriated or otherwise made available under NSP3 for the redevelopment of vacant properties with residential units for individuals or families whose incomes do not exceed 50% of the area median income (AMI). The City is proposing to enter into agreement(s) with developers

and/or subrecipients to redevelop vacant properties with residential units for low-income individuals or families, with preference given to multi-family rental units for low-income persons.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	N/A
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 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).	N/A
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	N/A

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.
<p>Response:</p> <p>The fifteen (15) day public review period required by NSP3 will begin on January 18, 2012 and end on February 2, 2012. Per the City of Bakersfield Citizen Participation Plan, the public notice was published in the Bakersfield Californian newspaper and on the City website, and the document was made available at all public libraries within the City of Bakersfield city limits, and at City offices. The Substantial Amendment will be considered by the Bakersfield City Council at a Public Meeting on February 15, 2012.</p>

Summary of Public Comments Received.

The City of Bakersfield received no public comments regarding the Draft NSP3 Substantial Amendment.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should

delete the tables labeled “Activity Number 4,” “Activity Number 5,” “Activity Number 6,” and “Activity Number 7.” If you are unsure how to delete a table, see the instructions [above](#).

The field labeled “Total Budget for Activity” will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the “Performance Measures” component of the activity tables below.

Activity Number 1											
Activity Name	Redevelop vacant properties with residential units to benefit households earning ≤ 120% of AMI.										
Uses	Select all that apply: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30px; text-align: center;"><input type="checkbox"/></td> <td>Eligible Use A: Financing Mechanisms</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Eligible Use B: Acquisition and Rehabilitation</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Eligible Use C Land Bankng</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Eligible Use D: Demtion</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td>Eligible Use E: Redevelopment</td> </tr> </table>	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation	<input type="checkbox"/>	Eligible Use C Land Bankng	<input type="checkbox"/>	Eligible Use D: Demtion	<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment
<input type="checkbox"/>	Eligible Use A: Financing Mechanisms										
<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation										
<input type="checkbox"/>	Eligible Use C Land Bankng										
<input type="checkbox"/>	Eligible Use D: Demtion										
<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment										
CDBG Activity or Activities	Redevelopment of vacant properties in NSP3 focus areas by developer(s) or subrecipient(s) to benefit households ≤ 120% of AMI.										
National Objective	Low Moderate Middle Income Housing (LMMH)										
Activity Description	<p>The City of Bakersfield will seek to partner with subrecipients and/or developers to redevelop vacant properties within the attached NSP3 Focus Area of Greatest Need. The City will give preference to multi-family rental projects on sites that provide reasonable access to public transportation, multi-modal transit options, and public and private services. Likewise, the City will consider sites and projects with the ability to leverage additional Redevelopment, Proposition 1C grant, and/or HUD entitlement funding, to ensure a successful and impactful NSP3 project.</p> <p>The NSP3 Focus Area of Greatest Need exhibits a very high HUD Foreclosure Need score (19.7), high percentage of subprime mortgages issued between 2004 and 2007 (42.5%), and a high percentage of properties which are delinquent or in foreclosure (21%). The goal of this activity is to assist in stabilizing the housing market in Bakersfield’s urban core by successfully redeveloping vacant properties with affordable multi-family housing for the period of affordability (up to 55 years as described in the “definitions” section of this document). Preference will be given for rental units.</p> <p>The City will ensure NSP3-assisted units meet affordability requirements in accordance with 24 CFR 92.252(a), (c), (e), and (f) and 92.254. The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon</p>										

	<p>foreclosure or transfer in lieu of foreclosure. Any agreement with subrecipients and/or developers will also include such affordability restrictions.</p> <p>Likewise, the City of Bakersfield through agreements with subrecipients and/or developers will contain the following provisions to ensure compliance with NSP3 regulations:</p> <ul style="list-style-type: none"> • Section 3 and “vicinity” hiring – the City of Bakersfield will require that any subrecipient or developer (or subsequent contractors) follow HUD Section 3 regulations as well as ensure that subrecipients or developers make efforts to market new jobs associated with the project to individuals or companies within the “vicinity” of the project as described in NSP3. • Discount rate for property acquisition – the minimum average discount will be 1%. • Range of interest rates – for rental: 3%, deferred with declining pro-rata forgivable balance for ≤ 120% of AMI. • Redevelopment projects will comply with Energy Star standards as described in NSP3 regulations. 	
Location Description	Generally bounded by Chester Avenue to the west, 4 th Street/Virginia Avenue to the south, the City Limits to the east, and 34 th Street/Bernard Street to the north	
Budget	Source of Funding	Dollar Amount
	NSP3	\$2,390,695
Total Budget for Activity		\$2,390,695
Performance Measures	≤ 51 - 80% of AMI is 10± units, ≤ 81 - 120% of AMI is 25± units.	
Projected Start Date	April 2011	
Projected End Date	April 2014	
Responsible Organization	Name	City of Bakersfield
	Location	1600 Truxtun Avenue, Suite 300, Bakersfield, CA 93301
	Administrator Contact Info	Rhonda W. Barnhard, 661-326-3765

Activity Number 2											
Activity Name	Redevelop vacant properties with residential units to benefit households earning ≤ 50% of AMI.										
Use	<p>Select all that apply:</p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Eligible Use A: Financing Mechanisms</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use B: Acquisition and Rehabilitation</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use C: Land Banking</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Eligible Use D: Demolition</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Eligible Use E: Redevelopment</td> </tr> </table>	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation	<input type="checkbox"/>	Eligible Use C: Land Banking	<input type="checkbox"/>	Eligible Use D: Demolition	<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment
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<input type="checkbox"/>	Eligible Use C: Land Banking										
<input type="checkbox"/>	Eligible Use D: Demolition										
<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment										
CDBG Activity or Activities	Redevelopment of vacant properties in NSP3 focus areas by developer(s) or subrecipient(s) to benefit households ≤ 50% of AMI.										

National Objective	Low-Income Housing to Meet 25% Set-Aside (LH25)
Activity Description	<p>The City of Bakersfield will seek to partner with subrecipients and/or developers to redevelop vacant properties within the attached NSP3 Focus Area of Greatest Need. The City will give preference to multi-family rental projects on sites that provide reasonable access to public transportation, multi-modal transit options, and public and private services. Likewise, the City will consider sites and projects with the ability to leverage additional Redevelopment, Proposition 1C grant, and/or HUD entitlement funding, to ensure a successful and impactful NSP3 project.</p> <p>The NSP3 Focus Area of Greatest Need exhibits a very high HUD Foreclosure Need score (19.7), high percentage of subprime mortgages issued between 2004 and 2007 (42.5%), and a high percentage of properties which are delinquent or in foreclosure (21%). The goal of this activity is to assist in stabilizing the housing market in Bakersfield’s urban core by successfully redeveloping vacant properties with affordable multi-family housing for the period of affordability (up to 55 years as described in the “definitions” section of this document). Preference will be given for rental units.</p> <p>The City will ensure NSP3-assisted units meet affordability requirements in accordance with 24 CFR 92.252(a), (c), (e), and (f) and 92.254. The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Any agreement with subrecipients and/or developers will also include such affordability restrictions.</p> <p>Likewise, the City of Bakersfield through agreements with subrecipients and/or developers will contain the following provisions to ensure compliance with NSP3 regulations:</p> <ul style="list-style-type: none"> • Section 3 and “vicinity” hiring – the City of Bakersfield will require that any subrecipient or developer (or subsequent contractors) follow HUD Section 3 regulations as well as ensure that subrecipients or developers make efforts to market new jobs associated with the project to individuals or companies within the “vicinity” of the project as described in NSP3. • Discount rate for property acquisition – the minimum average discount will be 1%. • Range of interest rates – for rental: 3%, deferred with declining pro-rata forgivable balance for ≤ 50% of AMI. • Redevelopment projects will comply with Energy Star standards as described in NSP3 regulations.
Location Description	Generally bounded by Chester Avenue to the west, 4 th Street/Virginia Avenue to the south, the City Limits to the east, and 34 th Street/Bernard Street to the

	north	
Budget	Source of Funding	Dollar Amount
	NSP3	\$830,232
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$830,232	
Performance Measures	≤ 50% of AMI is 15± units	
Projected Start Date	April 2011	
Projected End Date	April 2014	
Responsible Organization	Name	City of Bakersfield
	Location	1600 Truxtun Avenue, Suite 300, Bakersfield, CA 93301
	Administrator Contact Info	Rhonda W. Barnhard, 661-326-3765

Activity Number 3		
Activity Name	NSP3 Administration	
Use	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
	<input type="checkbox"/>	Eligible Use E: Redevelopment
CDBG Activity or Activities	Planning, administration, and staff direct delivery activity costs	
National Objective	N/A	
Activity Description	N/A	
Location Description	Generally bounded by Chester Avenue to the west, 4 th Street/Virginia Avenue to the south, the City Limits to the east, and 34 th Street/Bernard Street to the north	
Budget	Source of Funding	Dollar Amount
	NSP3	\$100,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$100,000	
Performance Measures	N/A	
Projected Start Date	April 2011	
Projected End Date	April 2014	
Responsible Organization	Name	City of Bakersfield
	Location	1600 Truxtun Avenue, Suite 300, Bakersfield, CA 93301
	Administrator Contact Info	Rhonda W. Barnhard, 661-326-3765

NSP3 Focus Area of Greatest Need



Neighborhood Stabilization Program Grants

The Neighborhood Stabilization Program (NSP) provides grants to address the problems associated with homes that have been foreclosed upon and are creating economic problems for their communities.

Enter an Address, city or state Go Select a State Select a County Go

Map Options : Clear | Reset LOG OUT

Click Mode: Zoom | Info NSP3 Legend (%): Tract Outline

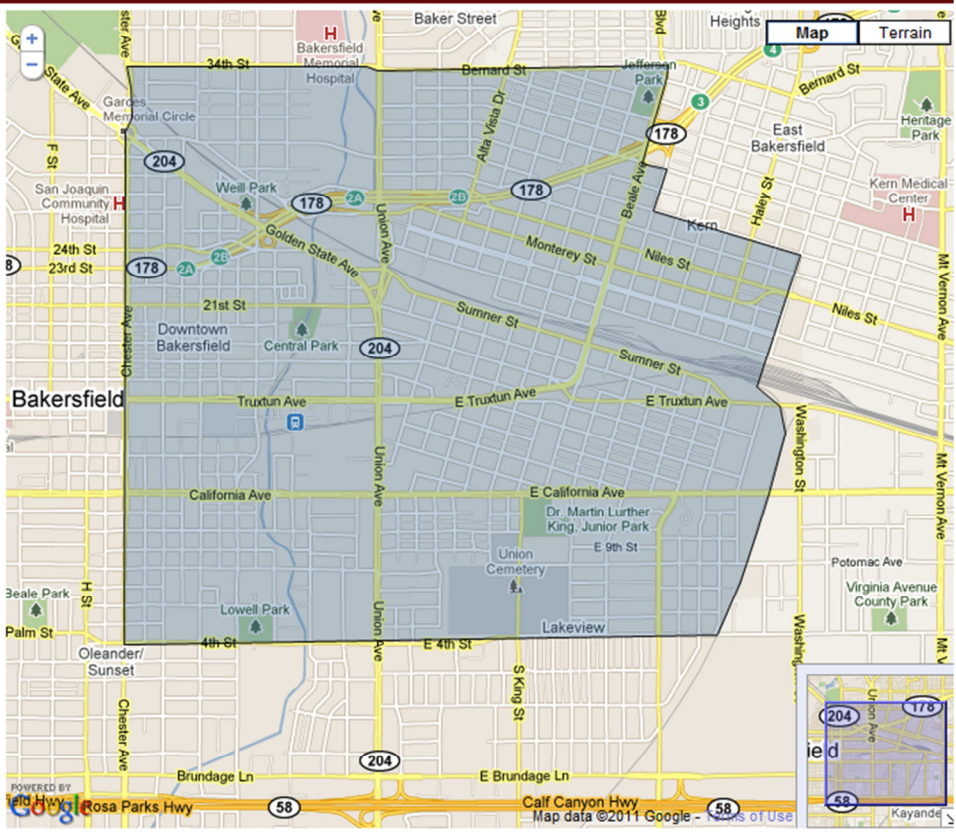
[Click here for an Overview](#)

NSP3 Options

14 Current Zoom Level

Show Tracts Outline (Zoom 11+)

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee should delete, add, or revise target areas. Note that if you delete or add, the tool only recalculates after you close the "View Projects" box and reopen it. HUD also advises grantees to think carefully about the size of their target areas in total. If those target areas have a very large number of total housing units relative to the dollars available, HUD will likely ask that the grantee reduce the number and/or size of their target areas.



Neighborhood ID: 9853607

NSP3 Planning Data

Grantee ID: 0602280E,0602900C

Grantee State: CA

Grantee Name: BAKERSFIELD,KERN COUNTY

Grantee Address:

Grantee Email: ryanbland@hotmail.com

Neighborhood Name: Bakersfield NSP3 Amendment Area

Date:2011-04-26 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.7

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 7835

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 90.11

Percent Persons Less than 80% AMI: 78.39

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 7738

Residential Addresses Vacant 90 or more days (USPS, March 2010): 272

Residential Addresses NoStat (USPS, March 2010): 203

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 2639

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 42.5

Percent of Housing Units 90 or more days delinquent or in foreclosure: 21.39

Number of Foreclosure Starts in past year: 274

Number of Housing Units Real Estate Owned July 2009 to June 2010: 157

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 56

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -43

Place (if place over 20,000) or county unemployment rate June 2005^{*}: 5.5

Place (if place over 20,000) or county unemployment rate June 2010^{*}: 11.1

^{*}Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-118.981676 35.361196 -118.980217 35.363926 -118.979187 35.366446 -118.978415 35.368475
-118.977385 35.371555 -118.977728 35.372955 -118.979187 35.373934 -118.976440 35.380723
-118.985710 35.382962 -118.984852 35.385131 -118.986397 35.385411 -118.984852 35.389820
-118.984766 35.390449 -119.003048 35.390170 -119.003735 35.390379 -119.018841 35.390379
-119.018583 35.389330 -119.018497 35.387790 -119.018927 35.387021 -119.019012 35.360706
-119.019012 35.360706

Blocks Comprising Target Neighborhood

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Project Summary for NSP3

Project Name	Total Housing Units	NSP3Need Score
Bakersfield NSP3 Amendment Area	7835	19.7
Total Housing Units for All Shapes: 7835		
Total NSP3 Need Score: 19.7		