

## Oct 1, 2010 thru Dec 31, 2010 Performance Report

**Grant Number:**  
B-09-CN-CA-0054

**Obligation Date:**

**Grantee Name:**  
Hsg Trust of Santa Clara County

**Award Date:**

**Grant Amount:**  
\$25,000,000.00

**Contract End Date:**  
02/11/2013

**Grant Status:**  
Active

**Reviewed By HUD:**  
Original - In Progress

**QPR Contact:**  
Tara Hood

### Disasters: Declaration Number

NSP

### Executive Summary:

The Housing Trust of Santa Clara County (HTSCC), the City of San Jose, and Neighborhood Housing Services Silicon Valley (NHSSV) have formed the San Jose Consortium (Consortium) to apply for and administer our \$25,000,000 grant for the Neighborhood Stabilization Program 2 funds made available by the U.S. Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act (ARRA) of 2009. The main objectives of this Grant are to stabilize neighborhoods in our Target Geography by reducing the number of foreclosed or abandoned homes and residential properties, and to create new affordable housing opportunities for very-low, low, and moderate income households. The Consortium will provide secondary financing for income eligible purchasers of foreclosed homes and will purchase and rehabilitate foreclosed or abandoned homes in the Target Geography. The goal of the Consortium is to assist in the purchase of no less than 205 foreclosed properties or units for the purpose of creating affordable homes.

### Target Geography:

The Consortium has identified 35 census tracts in the City of San Jose that are the hardest hit by foreclosures. Using HUD's established methodology to identify those areas with the highest foreclosure and vacancy rates, the Consortium has identified 35 census tracts with an average foreclosure score of at least 18 within the City of San Jose. Foreclosures continue to be concentrated in these specific San Jose Census tracts, as identified in our "target geography". Additionally, these target geographies have several socio-economic characteristics that make them not only the epicenters of destabilization, but also the areas in which targeted investment is necessary to re-stabilize them. The 35 census tracts and neighborhoods are as follows: "Central San Jose" -- 5009.02, 5011; "Willow Glen" -- 5024, 5025; "South San Jose" -- 5031.03, 5031.06, 5031.11, 5032.04, 5032.17; "Evergreen" -- 5033.04, 5033.05, 5033.17, 5033.19, 5033.2, 5033.28; "Alum Rock" -- 5034.01, 5035.04, 5035.08, 5035.1, 5037.02, 5037.06, 5037.07, 5039, 5040.02, 5041.02; "Berryessa" -- 5043.1, 5043.18; "Edenvale" -- 5120.01, 5120.02, 5120.16, 5120.17, 5120.21, 5120.23, 5120.29; "Coyote" -- 5123.04.

Although each of the target geographies has been significantly impacted by the housing market downturn and foreclosures, the geographies are not homogeneous. San Jose is a large city, in terms of both population and physical size. Therefore socio-economic conditions in each target geography can vary widely. For example certain Census tracts have higher overall incomes than other tracts. Both types of Census tracts suffer from destabilization due to the housing market downturn but for different reasons. Residents in the target geographies are employed in a broad range of sectors, all of which are impacted by the economic downturn. Lower-income residents are employed in sectors such as production, transportation, food preparation, retail sales, janitorial/maintenance, and office administration; higher-income residents are primarily employed in information technology, finance, and business and management (California Employment Development Department). The decline in technology-related businesses in San Jose has particularly impacted residents in higher-income geographies.

The deteriorating labor market will lead impacted areas into the next wave of foreclosures characterized by job losses or reduction in pay. This next wave of foreclosures will be composed primarily of prime borrowers with 30-year fixed mortgages rather than the first wave characterized by subprime borrowers holding adjustable-rate mortgages. This distinction is crucial. In San Jose, the first wave of foreclosures has occurred in the lower income Census tracts. Unless the families with subprime, adjustable-rate mortgages in these neighborhoods can receive loan modifications to reduce their payments to an affordable level, the lower-income tracts will continue to be impacted by foreclosures due to resetting mortgage rates.

The City of San Jose has a number of *impacted* Census tracts, which is defined as a tract in which at least 50% of the households are low-income. A significant number of the target geographies (26 of the qualifying tracts, and 18 of the 19 lower income tracts) is either identical to or next to an impacted tract.

The ability for a community to stabilize and recover from the housing downturn is in large part dependent on the financial capacity of existing residents to maintain neighborhood conditions. Additionally, these impacted areas have historically had greater difficulty attracting economic development as well as more affluent residents. For these reasons, these areas require greater assistance for recovery than other neighborhoods in the City that have a better mix of residents across income levels, and that reflect greater levels of economic development.

Based on the preceding analysis, the Consortium will undertake two programs to stabilize the target geographies: 1) homebuyer assistance program; and 2) acquisition/rehabilitation of foreclosed upon or abandoned homes to sell, rent, or redevelop. The combination of these programs will allow the Consortium to best respond to the widely varying conditions found in its 35 qualifying Census tracts. As indicated, the Census tracts vary in terms of incomes, ethnic composition, housing values, and other socio-economic factors. Moreover, housing conditions can change significantly block by block and street by street even within a single neighborhood.

## **Program Approach:**

The Consortium will spend a total of \$25,000,000 to undertake the eligible activities outlined below. Funds will be allocated to target areas with the highest foreclosure impact, and to households earning less than 120% of Area Median Income (LMMI). Pursuant to NSP2 regulations, 25% of the funding will be targeted for the benefit of very-low income households earning at or below 50% of the Area Median Income (VLI).

### **Activity A - Financing Mechanisms - Purchase Assistance Loans.**

As amended, under the eligible activity (A) Establish Financing Mechanisms, the Consortium plans to allocate up to \$64,245.00 to this program to assist a minimum of 1 eligible homebuyer to purchase a foreclosed home by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to \$50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

The loan will be a 30-year payment-deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% deferred, simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-approved counseling service. The assisted unit must remain as the homeowner's primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City's Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank's regulator's guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain some mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.

### **Activity B - Purchase and Rehabilitate Homes and Residential Properties that have been foreclosed in order to sell, rent or redevelop to eligible households**

Under eligible activity (B) Purchase and Rehabilitate Foreclosed Homes and Residential Properties, the Consortium will implement an Acquisition and Rehabilitation Program. Under this eligible activity, the Consortium proposes three strategies as summarized below:

#### **Strategy #1: Acquisition and Rehabilitation for Re-Sale.**

**This program is designed to augment the NSP1 - Single-Family Acquisition/Rehabilitation and Re-Sale Program offered by the Consortium member, the City of San Jose, Housing Department. The City will seek to purchase a portfolio of foreclosed homes in the target geography from one or more lenders or in the market at a 1% discount of the current market appraised value as defined as a property value established through an appraisal made in conformity with URA appraisal requirements. Following acquisition, the City will rehabilitate the homes to mitigate any damage due to deferred maintenance or vandalism. Energy saving green technology will be incorporated whenever practicable and utilizing the Build-It-Green system. Common upgrades such as furnace replacement, duct sealing, attic insulation and replacement lights and appliance upgrades can potentially reduce energy bills by up to 38%. The homes will then be sold to income-qualified households at or below the cost of acquisition and rehabilitation.**

The Consortium plans to allocate up to \$11,750,000 to this program. In addition to the direct acquisition and/or rehabilitation of foreclosed properties by the City, funds will be made available to nonprofit and responsible for-profit developers. We plan to supplement the NSP funds with a \$2 million loan provided by the Housing Trust of Santa Clara County. The first phase of the program will consist of up to 32 homes. As homes are sold to qualified households, the funds will revolve, enabling the purchase and rehabilitation of the second phase of 32 homes. Homebuyers under this program will be required to meet the same criteria as required under activity (A), which includes a minimum 3% down-payment, successfully complete a minimum of 8 hours of homebuyer counseling as offered by Consortium member Neighborhood Housing Services of Silicon Valley or another HUD-approved homeownership counseling service, and occupy the assisted home as their primary residence.

The Consortium recognizes that acquisition of foreclosed properties is the key to a successful NSP program. The Consortium will work with the Santa Clara County Association of Realtors, the National Association of Hispanic Real Estate Professionals, California Association of Mortgage Brokers, Silicon Valley Chapter, and other local real estate professionals in the target market. The Consortium has contacted the National Community Stabilization Trust to request technical assistance in the purchase of properties in bulk prior to listing in the Multiple Listing Service (MLS). The Consortium is familiar with the Real Estate Owned (REO) Property Acquisition Program and REO Capital Fund programs developed by the National Community Stabilization Trust.

The Consortium is also working with the foreclosure departments of financial institutions that hold significant quantities of foreclosed property to request their listings of properties in the Target Geographies.

Consortium member City of San Jose has extensive experience in housing rehabilitation. City Housing Rehabilitation staff will provide crucial oversight of housing rehabilitation projects developed by nonprofit or for-profit entities receiving NSP funds to acquire and rehabilitate foreclosed properties. This oversight will insure that the work is done efficiently, in a cost-effective manner, and in compliance with employment and contracting rules as they relate to Equal Opportunity Employment, Section 3 Economic Opportunity, MBE/WBE, Davis-Bacon Act, lead hazard abatement and NEPA.

The Consortium will conduct an extensive outreach campaign to identify and market homes to low and moderate-income households. Neighborhood Housing Services of Silicon Valley conducts regular first-time homebuyer workshops that will be one avenue for developing a pool of potential buyers. NHSSV generally maintains a pool of 30 to 40 pre-approved, ready-to-buy households. NHSSV, with monitoring by the City of San Jose, Housing Department to ensure compliance with fair housing regulations and efforts to affirmatively further fair housing, will perform the necessary buyer qualification process to insure that income-targeting goals are met.

### **Strategy #2: Anti-displacement Acquisition and Resale or Lease.**

**The Consortium will consider the purchase of properties in a foreclosed, pre- eviction status with the intent to re-sell or lease back to previous homeowners.**

In this strategy, Neighborhood Housing Services Silicon Valley (NHSSV) will conduct initial screening through their current HUD Foreclosure Counseling Program to identify eligible households. The City, or our selected developer, with the assistance of the Housing Trust, will negotiate a sale from the lender at a substantial discount. The home will then be re-sold or leased back to the former owners and current occupants at an affordable sales or lease price.

If the property is to be sold back to the previous homeowners, the Housing Trust will put a shared equity loan in place to prevent the homeowner from realizing a windfall gain when home values recover. The new first loan will be a 30-year, fixed rate amortizing loan. The new first lender will perform the underwriting of the homebuyer for the new, affordable financing. The Housing Trust (HTSCC) will be the note-holder for any secondary financing.

### **Strategy #3. Acquisition and Rehabilitation for resale or lease to Very Low Income Households.**

To serve members of the community who qualify as very low income households, the Consortium will allocate up to \$3,250,000 in loans to eligible non-profit, on-profit partnerships/collaboratives and/or eligible for-profit developers for the acquisition and rehabilitation of foreclosed properties to create affordable, permanent rental housing or for-sale housing to individuals and families at or below 50% AMI. A maximum loan of \$150,000 will be available to a qualified nonprofit for each unit of affordable housing created. Flexible Terms of the loan to nonprofits include a 0.00% to 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department's Asset Manager as well as Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.

These three programs together will create a total of 185 affordable homes or units, and provide neighborhood stabilization by positively impacting targeted census tracts hardest hit by foreclosures. The Consortium may adjust the allocation of funds among the proposed activities to ensure that all funds are expended within NSP2 guidelines. The 25% minimum allocated for Very-Low Income activities will be maintained as required under NSP2 regulations.

### **Activity B - Acquisition/Rehabilitation - Purchase Assistance Loans.**

Under the eligible activity (B) Acquisition/Rehabilitation, the Consortium plans to allocate up to \$4,935,755 to this program to assist a minimum of 99 eligible homebuyers purchase foreclosed homes by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to \$50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

The loan will be a 30-year payment-deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% deferred, simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-approved counseling service. The assisted unit must remain as the homeowner primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulator guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain subprime mortgages, including homebuyers who qualify for traditional mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.

### **Activity E - Redevelop Demolished or Vacant Properties (25% Set-Aside)**

To serve members of the community who qualify as very low income households, the Consortium will allocate up to \$3,000,000 for loans to eligible non-profits developers for the redevelopment of vacant properties to create up to 20 units of affordable, permanent rental housing to individuals and families at or below 50% AMI. A maximum loan of \$150,000 will be available to a qualified nonprofit for each unit of affordable housing created. Flexible Terms of the loan to nonprofits include an up to 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department Asset Manager as well as Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.

**Consortium Members:**

Included in the San Jose Consortium are the Housing Trust of Santa Clara County (HTSCC), who will serve as the Lead Agency of the Consortium, the City of San Jose Housing Department (The City) and Neighborhood Housing Services Silicon Valley (NHSSV).

The Consortium combines the strengths of its three member organizations to build on their respective expertise and to maximize efficiency and effectiveness. Each of the members has direct experience administering all of the various programs and activities outlined in this application. Each has been engaged in housing acquisition and rehabilitation. Each has managed down payment assistance programs. Each has leveraged millions of dollars in lending capital on behalf of its low- and moderate-income constituents. Each has been deeply engaged in neighborhood revitalization activities over the past ten years either directly or through the provision of development financing. Each has close working relationships with the business and real estate sectors; and with the low-income communities afflicted by the foreclosure crisis. The Consortium currently possesses the capacity to both implement the scope of work quickly upon receipt of the NSP funds and to leverage extensive administrative and programmatic staff resources. Because of this depth of experience and capacities, the Consortium is able to implement the proposed activities while utilizing less than the permitted 10% maximum for administration; thus dedicating a greater percentage of NSP-2 funds to bringing direct impact on selected San Jose neighborhoods.

**Lead Agency: Housing Trust of Santa Clara County**

HTSCC is a 10 year old, 501(c)(3) public benefit, nonprofit community lending organization, located in San Jose, CA. The mission of HTSCC is to leverage public and private resources, to act as a catalyst for the creation of additional affordable housing, and to help low and moderate-income households in Santa Clara County in the purchase of their first home. Since 1999, HTSCC has raised over \$38,000,000 in voluntary contributions from the public and private sector for the development of low-income housing and for the provision of loans to first-time low- and moderate-income homebuyers.

Over this same period, we have invested in over 7800 housing opportunities through three main programs: Loans to multifamily housing developers aimed at the creation of new rental housing units; loans to first-time homebuyers, helping to create over 2040 new low- and moderate-income homeowners in Santa Clara County; and grants to agencies serving homeless or at-risk of homelessness households through the provision of emergency rental assistance and other housing grants.

HTSCC has the experience necessary to successfully implement the NSP2 grant program. HTSCC will directly manage the \$5,000,000 down payment assistance program outlined in this application (Purchase Assistance Loans). HTSCC has made over \$14,000,000 in down payment assistance loans since 2001. Of the 2040 loans HTSCC has made to homebuyers throughout Santa Clara County, only 8 borrowers have defaulted; less than 0.04%.

HTSCC works only with approved lenders and real estate agents. Homebuyers must attend homebuyer education and counseling sessions; and may access only 30-year fixed-rate mortgages. In this way, HTSCC has been a major force in the provision of down payment assistance, ensuring that low- and moderate-income homebuyers purchase homes that they can afford with loan products that provide successful outcomes in the best interest of the homebuyer. HTSCC borrowers may not use adjustable rate or other high-risk mortgage products.

***In the past 24 months, HTSCC has made over 180 down payment assistance loans to low- and moderate-income homebuyers in Santa Clara County.***

**Consortium Partner: City of San Jose Housing Department**

The City of San Jose is a recognized leader in the creation of affordable housing, with a record of creating over 17,000 units of affordable housing since the creation of the City's Housing Department in 1988. The Housing Department has a strong professional staff experienced in partnering with nonprofit and for-profit developers in the development of new affordable housing and rehabilitation of existing housing stock. The expertise of the City's Project Development Program staff includes underwriting, urban planning and project management.

**How to Get Additional Information:**

To learn more about the San Jose Consortium and our NSP2 grant, please contact the following individuals and organizations:

Lead Agency: Housing Trust of Santa Clara County - www.housingtrustscc.org - 95 So. Market St, Suite 610, San Jose, CA 95113

Contact: Kevin Zwick, Executive Director - kevin@housingtrustscc.org - 408-436-3450 x225

Contact: Dan Lachman, Homeownership Program Manager - dan@housingtrustscc.org - 408-436-3450 x230

Contact: Tara Hood, Grants Administrator - tara@housingtrustscc.org - 408-436-3450 x228

Consortium Member - City of San Jose Housing Department - www.sjhousing.org -- 200 East Santa Clara Street, San Jose, CA 95113

Contact: Sandra Murillo, CDBG/HOME Program Manager - sandra.murillo@sanjoseca.gov - 408-975-4415

Contact: Jacky Morales-Ferrand - Assistant Director - jacky.morales-ferrand@sanjoseca.gov 408-535-3855

Contact: James Stagi - Rehab Administrator - james.stagi@sanjoseca.gov - 408-535-8238

Consortium Member - Neighborhood Housing Services Silicon Valley - www.nhssv.org -- 1156 North Fourth St, San Jose, CA 95112

Contact: Ed Moncrief, Executive Director - emoncrief@nhssv.org -- 408-279-2600

**Overall**

	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	27,000,000
<b>Total CDBG Program Funds Budgeted</b>	N/A	25,000,000
<b>Program Funds Drawdown</b>	269,673.23	371,741.97
<b>Obligated CDBG DR Funds</b>	268,588.35	461,061.35
<b>Expended CDBG DR Funds</b>	0	99,713
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Progress Toward Required Numeric Targets**

<b>Requirement</b>	<b>Required</b>	<b>To Date</b>
<b>Overall Benefit Percentage (Projected):</b>		0%
<b>Overall Benefit Percentage (Actual):</b>		0%
<b>Minimum Non-Federal Match</b>	0	0
<b>Limit on Public Services</b>	0	0
<b>Limit on Admin/Planning</b>	2,500,000	84,645.59
<b>Limit on State Admin</b>	0	0

**Progress Toward Activity Type Targets**

<b>Activity Type</b>	<b>Target</b>	<b>Actual</b>
<b>Administration</b>	2,500,000	2,000,000

**Progress Toward National Objective Targets**

<b>National Objective</b>	<b>Target</b>	<b>Actual</b>
<b>NSP Only - LH - 25% Set-Aside</b>	6,250,000	6,250,000

## Overall Progress Narrative:

The San Jose NSP2 Consortium (Consortium) continues to work well as a team and is steadily progressing towards successfully completing its overall NSP2 program goals. The following consists of a summary of the Consortium's progress during Q4 by activity area:

**Administrative Activities:** During Q4, the San Jose NSP2 Consortium (Consortium) has continued to regularly meet to discuss the progression of grant activities and to continuously update the activity schedule and work plans, as needed. A primary focus of the regular meetings was the finalization of the Consortium's NSP2 Policies & Procedures Manual as well as activity specific procedural guides. The final draft of the manual and guides were completed in mid-December.

**Acquisition & Rehabilitation Activities:** In Q4, the Consortium selected two development entities, The Cypress Group and Community Rehabilitation Partners, in response to the Single Family Acquisition-Rehab-Resale Program Developer RFP released in Q3 through the City of San Jose. The RFP process was very successful and received multiple proposals. City Council's approval of the selected Development Entities was obtained in mid-November and both Developers signed their contracts in late December and have already identified over a dozen eligible properties within the targeted census tracts. In addition, they have made offers on 4 eligible properties and are prepared to aggressively pursue additional acquisition opportunities during Q1 of 2011.

**25% Set-Aside Activities:** The Consortium released a Notice of Funding Availability (NOFA), on November 29, 2010 through the Housing Trust, to accept applications from eligible for profit and non-profit entities to acquire, rehabilitate and operate rental housing targeted to serve very-low income households earning up to 50% of the Area Media Income (AMI). A NOFA Technical Assistance Workshop was held on December 16, 2010 for interested applicants. Applications are due on January 14, 2011 and the Consortium anticipates executing loan agreements in late February and/or early March with successful applicants.

**Purchase Assistance Loan (PAL) Activities:** Q4 began with a highly productive month for the Purchase Assistance Loan (PAL) Program. The Program has been actively marketing available NSP2 funds to potential homebuyers, realtors and loan officers resulting in the receipt of multiple loan applications and the funding of 4 homeowners loans during the quarter. PAL Staff also conducted a total of 5 informational workshops during the quarter. 3 of the workshops were held at local library branches and focused on educating the public about available homebuyer loans through NSP and 2 of the sessions targeted realtors and loan officers. The combined attendance for the workshops exceeded 150 people.

**Homebuyer Education Activities:** During Q4, the Consortium provided Homebuyer Education Classes to 109 future homeowners. During the month of October, 46 potential homeowners attended classes of which 22% were Moderate Income, 88% were Low Income and 46% were Female Headed Households. During the month of November, 29 potential homeowners attended classes of which 45% were Moderate Income, 55% were Low Income and 52% were Female Headed Households. During the month of December, 34 potential homeowners attended classes of which 35% were Moderate Income, 65% were Low Income and 32% were Female Headed Households. The Consortium currently has 3 homebuyer education classes scheduled to be held at local library branches throughout the City of San Jose in January and February of 2011.

**Marketing Activities:** During Q4, the Consortium ran 9 internet ads and 6 direct mail homebuyer education class invites to market the NSP2 program. In addition, all Consortium members have been actively marketing NSP2 activities in each organization's monthly newsletters and constituent correspondence.

### Project Summary

Project#, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
0001, Financing Mechanisms	0	64,245	64,244.92
0002, Acq/Rehab (Eligible Use B)	222,851.46	19,935,755	222,851.46
0003, Administration	46,821.77	2,000,000	84,645.59
0004, Construction (Eligible Use E)	0	3,000,000	0
9999, Restricted Balance	0	-25,000,000	0

### Project/Activity Index:

Project #	Project Title	Grantee Activity #	Activity Title
0004	Construction (Eligible Use E)	<a href="#">E-03-200</a>	<a href="#">Development of Vacant Properties - 25% Set-Aside</a>
0001	Financing Mechanisms	<i>No activities in this project</i>	
0003	Administration	<a href="#">F-01-500</a>	<a href="#">Administration - HTSCC</a>
		<a href="#">F-02-510</a>	<a href="#">Administration - City</a>
		<a href="#">F-03-520</a>	<a href="#">Administration - NHSSV</a>
9999	Restricted Balance	<i>No activities in this project</i>	
0002	Acq/Rehab (Eligible Use B)	<a href="#">B-02-200</a>	<a href="#">PAL - LMMI</a>
		<a href="#">B-02-300</a>	<a href="#">Acquisition - LMMI</a>
		<a href="#">B-02-400</a>	<a href="#">Acquisition - 25% Set-aside</a>

### Activities

**Grantee Activity Number:**

B-02-200

**Activity Title:**

PAL - LMMI

**Activity Category:**

Homeownership Assistance to low- and moderate-income

**Activity Status:**

Under Way

**Project Number:**

0002

**Project Title:**

Acq/Rehab (Eligible Use B)

**Projected Start Date:**

07/01/2010

**Projected End Date:**

02/10/2013

**National Objective:**

NSP Only - LMMI

**Completed Activity Actual End Date:**

**Responsible Organization:**

Housing Trust of Santa Clara County

**Benefit Type:**

Direct Benefit (Households)

	Oct 1 thru Dec 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	4,935,755
<b>Total CDBG Program Funds Budgeted</b>	N/A	4,935,755
<b>Program Funds Drawdown</b>	222,851.46	222,851.46
<b>Obligated CDBG DR Funds</b>	218,955.71	286,258.71
<b>Expended CDBG DR Funds</b>	0	0
City of San Jose	0	0
Housing Trust of Santa Clara County	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

### Accomplishments Performance Measures

	This Report Period Total	Cumulative Actual Total / Expected Total
<b># of Housing Units</b>	4	5/99
<b># of Singlefamily Units</b>	4	5/99

### Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Total Households benefiting	2	1	3	3/50	1/49	4/99	100
# Owner Households	0	0	0	1/50	0/49	1/99	100

## Cumulative Race Total

Direct Benefit (Households)	This Report Period			Cumulative Actual Total		
	Owner	Renter	Total Households	Owner	Renter	Total Households
	Total Hispanic/Latino	Total Hispanic/Latino	Total Hispanic/Latino	Total Hispanic/Latino	Total Hispanic/Latino	Total Hispanic/Latino
White	3	2	0	0	2	2
Asian	1	0	0	0	1	0
Households Female	-1	0	1	1	0	1

## Activity Description:

Under the eligible activity (B) Acquisition/Rehab, the Consortium plans to allocate up to \$4,935,755 to this program to assist a minimum of 99 eligible homebuyers purchase foreclosed homes by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to \$50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

The loan will be a 30-year interest deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-certified homebuyer counseling service. The assisted unit must remain as the homeowner's primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank's regulator's guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.

## Location Description:

35 Census Tracts in San Jose that score an average of 18 or higher on HUD's NSP2 foreclosure need tool using Method 1. These Census Tracts comprise our Target Geography and are located throughout San Jose. This Target Geography includes Central San Jose, South San Jose, Alum Rock, Edenvale, Coyote, Willow Glen, Berryessa, and Evergreen.

### Activity Progress Narrative:

Q4 began with a highly productive month for the Purchase Assistance Loan (PAL) Program, which has been actively marketing available NSP2 funds to potential homebuyers and realtors resulting in the receipt of multiple loan applications during the quarter.

During October 2010, the PAL Program conducted 2 informational workshops with a total of 20 attendees. The program also ran 2 internet ads to increase awareness of available NSP2 funds. PAL staff also approved 3 homebuyer loans totaling \$150,000.00. Client, household and housing statistics for the month of October consisted of:

#### Race & Ethnicity & Gender

Asian = 1; Not Hispanic or Latino = 1, Female = 1  
White = 2; Hispanic or Latino = 2; Male = 2

#### Households Benefiting

Low Income = 2  
Moderate Income = 1

#### Housing Units

Single Family = 3

During November 2010, the PAL Program conducted 1 informational workshop with a total of 25 attendees. The program also ran 1 internet ad to increase awareness of available NSP2 funds. The informational workshop was also advertised by direct email to interested buyers, realtors and loan officers. Staff also conducted a workshop at a local realtor's office for 28 realtors.

Due to the holiday season, PAL staff did not conduct any public-focused informational workshops during December 2010; however, staff was invited to a Regional Real Estate Association Homebuyer Event and a local realtor's office to present the PAL Program to over 85 realtors, lenders and homebuyers. PAL staff also approved 1 homebuyer loan for \$50,000.00 in December. Client, household and housing statistics for the month of December consisted of:

#### Race & Ethnicity & Gender

White = 1; Not Hispanic or Latino = 1; Male = 1

#### Households Benefiting

Moderate Income = 1

#### Housing Units

Single Family = 1

PAL staff anticipate an equally productive Q1 for 2011. The program has already received 3 new loan applications for the month of January 2011. In addition, staff have scheduled 2 informational sessions for the months of January and February 2011 to further market the program to potential homebuyers.

### Q1 - Q4 Cumulative Data

#### Race & Ethnicity & Gender

White = 1; Not Hispanic or Latino = 1; Male = 1  
White = 2; Hispanic or Latino = 2; Male = 1, Female = 1  
Asian = 2; Not Hispanic or Latino = 2; Male = 1, Female = 1

#### Households Benefiting

Moderate Income = 2  
Low Income = 3

#### Housing Units

Single Family = 5

**Activity Location:**

**Address**

283 McCreery Ave  
 1766 Duffy Way  
 2514 Edgedale Court  
 435 N 2nd Street

**City**

San Jose  
 San Jose  
 San Jose  
 San Jose

**State**

NA  
 NA  
 NA  
 NA

**Zip**

95116  
 95116  
 95122  
 95112

**Other Funding Sources Budgeted - Detail**

**Match Sources**

**Amount**

No Other Match Funding Sources Found

**Other Funding Sources**

**Amount**

No Other Funding Sources Found

**Grantee Activity Number:**

B-02-300

**Activity Title:**

Acquisition - LMMI

**Activity Category:**

Acquisition - general

**Activity Status:**

Under Way

**Project Number:**

0002

**Project Title:**

Acq/Rehab (Eligible Use B)

**Projected Start Date:**

07/01/2010

**Projected End Date:**

02/10/2013

**National Objective:**

NSP Only - LMMI

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of San Jose

**Benefit Type:**

Direct Benefit (Households)

	<b>Oct 1 thru Dec 31, 2010</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	11,750,000
<b>Total CDBG Program Funds Budgeted</b>	N/A	11,750,000
<b>Program Funds Drawdown</b>	0	0
<b>Obligated CDBG DR Funds</b>	0	0
<b>Expended CDBG DR Funds</b>	0	0
<b>City of San Jose</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Accomplishments Performance Measures**

	<b>This Report Period Total</b>	<b>Cumulative Actual Total / Expected Total</b>
<b># of Properties</b>	0	0/64
<b># of Parcels acquired voluntarily</b>	0	0/64

	<b>This Report Period Total</b>	<b>Cumulative Actual Total / Expected Total</b>
<b># of Housing Units</b>	0	0/64

**Beneficiaries Performance Measures**

	<b>This Report Period</b>			<b>Cumulative Actual Total / Expected</b>			
	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low/Mod%</b>
<b># of Total Households benefiting</b>	0	0	0	0/32	0/32	0/64	0
<b># of Persons benefitting</b>	0	0	0	0/0	0/0	0/0	0

## Activity Description:

The City of San Jose, as the responsible entity for the Consortium, will seek to purchase a portfolio of foreclosed homes in the target geography from one or more lenders or in the market at a 1% discount of the current market appraised value as defined as a property value established through an appraisal made in conformity with URA appraisal requirements. Following acquisition, the City will rehabilitate the homes to mitigate any damage due to deferred maintenance or vandalism. Energy saving green technology will be incorporated whenever practicable and utilizing the Build-It-Green system. Common upgrades such as furnace replacement, duct sealing, attic insulation and replacement lights and appliance upgrades can potentially reduce energy bills by up to 38%. The homes will then be sold to income-qualified households at or below the City's cost of acquisition and rehabilitation.

The Consortium will allocate up to \$11,750,000 to this program. In addition to the direct acquisition and/or rehabilitation of foreclosed properties by the City, funds will be made available to nonprofit and responsible for-profit developers through a competitive RFQ process. We estimate that up to \$360,000 of NSP funds will be invested in each house which will be repaid by the sales proceeds. The first phase of the program will consist of up to 32 homes. As homes are sold to qualified households, the funds will revolve, enabling the purchase and rehabilitation of the second phase of 32 homes. Homebuyers under this program will be required to meet the same criteria as required under activity (A), which includes a minimum 3% down-payment, successfully complete a minimum of 8 hours of homebuyer counseling as offered by Consortium member Neighborhood Housing Services of Silicon Valley or another HUD-certified homeownership service, and occupy the assisted home as their primary residence.

Market research by the Consortium has indicated that foreclosed homes requiring extensive rehabilitation in the target market are currently being sold for approximately \$250,000. The Consortium intends to acquire vacant, foreclosed properties that propose the greatest threat of blight, vandalism and gang related activity.

The Consortium expects to purchase a foreclosed property in an identified target area for \$250,000 including the 1% discount, add estimated rehab costs of \$100,000, including contractor profit and overhead of 10%, and an estimated \$10,000 of acquisition and holding costs for a total acquisition and rehabilitation cost of \$360,000. Home prices for traditional sales (non-foreclosed properties) of homes in good condition in our target geography range from \$350,000 to \$400,000, ensuring a market will exist for the Consortium's rehabilitated homes.

Based on the example above, this home would be sold to income-qualified households at or below the cost of acquisition and rehabilitation. This would easily provide affordability to a family of four earning up to \$126,600 (120% of County AMI) as shown below, and Soft seconds and equity share loans will be made available to expand the affordability range to low-income families. The Consortium is confident that homes in the target census tracts, particularly homes that have undergone recent rehabilitation, can be sold for \$360,000. According to the Santa Clara County Association of Realtor June 2009 Sales Report, the median price for a single-family homes selling under \$500,000 in San Jose is \$365,000. It is anticipated that the homes acquired under this program will be placed on the market well below the overall San Jose median price of \$410,000, enhancing their marketability and promoting the success of the program.

Additional down payment assistance from other sources will be permitted in this program.

Using the housing cost standard of 38%, a household income of approximately \$84,432 would be necessary to qualify for this purchase. For a household size of four with income at the middle-income (120% AMI) maximum of \$126,600 would be able to easily afford this housing purchase.

The Consortium recognizes that acquisition of foreclosed properties is the key to a successful NSP program. The Consortium will work with the Santa Clara County Association of Realtors, the National Association of Hispanic Real Estate Professional, California Association of Mortgage Brokers, Silicon Valley Chapter, and other local lenders to facilitate the acquisition and financing of foreclosed properties in the target market. The Consortium has contacted the National Community Stabilization Trust to request technical assistance in the purchase of properties in bulk prior to listing in the Multiple Listing Service (MLS). The Consortium is familiar with the Real Estate Owned (REO) Property Acquisition Program and REO Capital Fund programs developed by the National Community Stabilization Trust. It is our intention to explore opportunities to participate in these programs.

The Consortium is also working with the foreclosure departments of financial institutions that hold significant quantities of foreclosed property to request their listings of properties in the Target Geographies.

The Department of Housing of the City of San Jose has extensive experience in housing rehabilitation with an active staff of 16, including eight Rehabilitation Inspectors. Housing Rehabilitation staff will provide crucial oversight of housing rehabilitation projects developed by nonprofit or for-profit entities receiving NSP funds to acquire and rehabilitate foreclosed properties. This oversight will insure that the work is done efficiently, in a cost-effective manner, and in compliance with employment and contracting rules as they relate to Equal Opportunity Employment, Section 3 Economic Opportunity, MBE/WBE, Davis-Bacon Act, lead hazard abatement and NEPA. As this oversight is an important component of the Consortium's NSP2 program, the City will be seeking to add an additional Rehabilitation Inspector during the course of this program.

The Consortium plans to conduct an extensive outreach campaign to identify and market homes to low and moderate-income households. Neighborhood Housing Services of Silicon Valley conducts regular first-time homebuyer workshops that will be one avenue for developing a pool of potential buyers. NHSSV generally maintains a pool of 30 to 40 pre-approved, ready-to-buy households. NHSSV, with monitoring by the City of San Jose, Housing Department to ensure compliance with fair housing regulations and efforts to affirmatively further fair housing, will perform the necessary buyer qualification process to insure that income-targeting goals are met. The Housing Department's Homebuyer Program consists of 3 full-time employees knowledgeable and experienced in homebuyer underwriting and will be available to assist with the NSP2 programs.

**Location Description:**

Thirty-five (35) Census tracts (tracts) in San Jose qualify as "target geographies" based on HUD's NSP2 need calculation tool using method 1 as specified in the Notice of Funding Availability. (See Table 1 below) Collectively, these tracts average a score of 18 points on the 1-through-20 needs index provided by the NSP calculation tool.

**Table 1.2****Qualifying Target Geographies – City of San Jose****Census Tract****City****Zip Code****Planning Area**

5009.02

San Jose

95112

Central

5011

San Jose

95112

Central

5024

San Jose

95125

Willow Glen

5025

San Jose

95125

Willow Glen

5031.03

San Jose

95112

South

5031.06

San Jose

95122

South

5031.11

San Jose

95122

South

5032.04

San Jose

95111

South

5032.17

San Jose

95111

South

5033.04

San Jose

95121

Evergreen

5033.05  
San Jose  
95122  
Evergreen  
5033.17  
San Jose  
95121  
Evergreen  
5033.19  
San Jose  
95135  
Evergreen  
5033.2  
San Jose  
95135  
Evergreen  
5033.28  
San Jose  
95138  
Evergreen  
5034.01  
San Jose  
95122  
Alum Rock  
5035.04  
San Jose  
95122  
Alum Rock  
5035.08  
San Jose  
95127  
Alum Rock  
5035.1  
San Jose  
95127  
Alum Rock  
5037.02  
San Jose  
95116  
Alum Rock  
5037.06  
San Jose  
95116  
Alum Rock  
5037.07  
San Jose  
95116  
Alum Rock

5039  
San Jose  
95127  
Alum Rock  
5040.02  
San Jose  
95116  
Alum Rock  
5041.02  
San Jose  
95127  
Alum Rock  
5043.1  
San Jose  
95131  
Berryessa  
5043.18  
San Jose  
95112  
Berryessa  
5120.01  
San Jose  
95138  
Edenvale  
5120.02  
San Jose  
95138  
Edenvale  
5120.16  
San Jose  
95123  
Edenvale  
5120.17  
San Jose  
95111  
Edenvale  
5120.21  
San Jose  
95136  
Edenvale  
5120.23  
San Jose  
95123  
Edenvale  
5120.29  
San Jose  
95123  
Edenvale

5123.04  
 San Jose/ Morgan Hill  
 95037  
 Coyote

**Activity Progress Narrative:**

On August 2, 2010, the Consortium issued a Request for Proposals (RFP) to select up to four entities to acquire, rehabilitate, and resell foreclosed homes to income-qualified home buyers. On November 16, 2010, the City of San Jose City Council approved selection of the Cypress Group and Community Rehabilitation Partners for implementation of the NSP2 Single-Family Acquisition, Rehabilitation and Resale Program. Both Developers signed their contracts on December 22nd and have already identified over a dozen eligible properties within the targeted census tracts. In addition, they have made offers on 4 eligible properties and are prepared to aggressively pursue additional acquisition opportunities during Q1 of 2011.

**Activity Location:**

Address	City	State	Zip
No Activity Locations Found			

**Other Funding Sources Budgeted - Detail**

Match Sources	Amount
No Other Match Funding Sources Found	

**Other Funding Sources**

Other Funding Sources	Amount
No Other Funding Sources Found	

**Grantee Activity Number:**

B-02-400

**Activity Title:**

Acquisition - 25% Set-aside

**Activity Category:**

Acquisition - general

**Activity Status:**

Under Way

**Project Number:**

0002

**Project Title:**

Acq/Rehab (Eligible Use B)

**Projected Start Date:**

08/01/2010

**Projected End Date:**

02/10/2013

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Completed Activity Actual End Date:**

**Responsible Organization:**

City of San Jose

**Benefit Type:**

Direct Benefit (Households)

	Oct 1 thru Dec 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	4,750,000
<b>Total CDBG Program Funds Budgeted</b>	N/A	3,250,000
<b>Program Funds Drawdown</b>	0	0
<b>Obligated CDBG DR Funds</b>	0	0
<b>Expended CDBG DR Funds</b>	0	0
<b>City of San Jose</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Accomplishments Performance Measures**

	This Report Period Total	Cumulative Actual Total / Expected Total
<b># of Properties</b>	0	0/0
<b># of Parcels acquired by condemnation</b>	0	0/0
<b># of Parcels acquired voluntarily</b>	0	0/0

# of Housing Units	This Report Period Total	Cumulative Actual Total / Expected Total
	0	0/23

**Beneficiaries Performance Measures**

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Total Households benefiting	0	0	0	0/23	0/0	0/23	0
# of Persons benefitting	0	0	0	0/0	0/0	0/0	0

**Activity Description:**

The Consortium will allocate up to \$3,250,000 for loans to eligible nonprofit or responsible for-profit affordable housing developers for the acquisition and rehabilitation of foreclosed properties to create affordable, permanent rental housing or for-sale housing to individuals and families at or below 50% AMI. A maximum loan of \$150,000 will be available to a qualified nonprofit for each bed/unit of affordable housing created. Flexible Terms of the loan to nonprofits include up to a 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department Asset Manager. Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.

**Location Description:**

Thirty-five (35) Census tracts (tracts) in San Jose qualify as target geographies based on HUD’s NSP2 need calculation tool using method 1 as specified in the Notice of Funding Availability. (See Table 1 below) Collectively, these tracts average a score of 18 points on the 1-through-20 needs index provided by the NSP calculation tool. Additionally, Table 1.2 specifies the zip codes and City-designated planning areas that correspond with the respective qualifying tracts.

**Table 1.2**

**Qualifying Target Geographies – City of San Jose**

**Census Tract**  
**City**  
**Zip Code**  
**Planning Area**

5009.02  
 San Jose  
 95112  
 Central  
 5011  
 San Jose  
 95112  
 Central  
 5024  
 San Jose  
 95125  
 Willow Glen  
 5025  
 San Jose  
 95125  
 Willow Glen  
 5031.03  
 San Jose  
 95112  
 South  
 5031.06  
 San Jose  
 95122  
 South  
 5031.11  
 San Jose  
 95122  
 South  
 5032.04  
 San Jose  
 95111  
 South  
 5032.17  
 San Jose  
 95111  
 South  
 5033.04  
 San Jose  
 95111

Evergreen  
5033.05  
San Jose  
95122  
Evergreen  
5033.17  
San Jose  
95121  
Evergreen  
5033.19  
San Jose  
95135  
Evergreen  
5033.2  
San Jose  
95135  
Evergreen  
5033.28  
San Jose  
95138  
Evergreen  
5034.01  
San Jose  
95122  
Alum Rock  
5035.04  
San Jose  
95122  
Alum Rock  
5035.08  
San Jose  
95127  
Alum Rock  
5035.1  
San Jose  
95127  
Alum Rock  
5037.02  
San Jose  
95116  
Alum Rock  
5037.06  
San Jose  
95116  
Alum Rock  
5037.07  
San Jose  
95116

Alum Rock  
5039  
San Jose  
95127  
Alum Rock  
5040.02  
San Jose  
95116  
Alum Rock  
5041.02  
San Jose  
95127  
Alum Rock  
5043.1  
San Jose  
95131  
Berryessa  
5043.18  
San Jose  
95112  
Berryessa  
5120.01  
San Jose  
95138  
Edenvale  
5120.02  
San Jose  
95138  
Edenvale  
5120.16  
San Jose  
95123  
Edenvale  
5120.17  
San Jose  
95111  
Edenvale  
5120.21  
San Jose  
95136  
Edenvale  
5120.23  
San Jose  
95123  
Edenvale  
5120.29  
San Jose  
95123

Edenvale  
 5123.04  
 San Jose/ Morgan Hill  
 95037  
 Coyote

**Activity Progress Narrative:**

On November 30, 2010, the Housing Trust of Santa Clara County (HTSCC) issued the NSP2 25% Set-Aside Rental Program NOFA to provide up to \$5,000,000 in NSP2 funds to support the development and operation of rental housing targeted to Very Low Income households earning less than 50% Area Median Income. On December 16, 2010, the Consortium held a NOFA Technical Assistance Workshop for the public to review the NOFA and to respond to questions. Representatives of approximately seven for-profit and non-profit organizations attended the workshop. Applications from interested organizations are due on January 21, 2011. The Consortium anticipates executing loan agreements with successful applicants in late February and/or early March 2011.

**Activity Location:  
 Address**

**City State Zip**

No Activity Locations Found

**Other Funding Sources Budgeted - Detail**

**Match Sources**

**Amount**

Housing Trust of Santa Clara County Matching Funds	1,500,000
Subtotal Match Sources	1,500,000

**Other Funding Sources**

**Amount**

No Other Funding Sources Found	
Total Other Funding Sources	1,500,000

**Grantee Activity Number:**

E-03-200

**Activity Title:**

Development of Vacant Properties - 25% Set-Aside

**Activity Category:**

Construction of new housing

**Activity Status:**

Planned

**Project Number:**

0004

**Project Title:**

Construction (Eligible Use E)

**Projected Start Date:**

11/01/2010

**Projected End Date:**

02/10/2013

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Completed Activity Actual End Date:**

**Responsible Organization:**

Housing Trust of Santa Clara County

**Benefit Type:**

Direct Benefit (Households)

	<b>Oct 1 thru Dec 31, 2010</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	3,500,000
<b>Total CDBG Program Funds Budgeted</b>	N/A	3,000,000
<b>Program Funds Drawdown</b>	0	0
<b>Obligated CDBG DR Funds</b>	0	0
<b>Expended CDBG DR Funds</b>	0	0
<b>Housing Trust of Santa Clara County</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Activity Description:**

Under Eligible Use E, the Consortium will allocate up to \$3,000,000 for loans to eligible non-profit developers for the redevelopment of vacant properties to create up to 20 units of affordable, permanent rental housing to individuals and families at or below 50% AMI.

A maximum loan of \$150,000 will be available to a qualified nonprofit for each unit of affordable housing created. Flexible Terms of the loan to nonprofits include an up to 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department Asset Manager as well as Annual inspection for maintenance, local housing standards and rent roll.

Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.

**Location Description:**

See Acquisition - 25% Set-Aside Description

**Activity Progress Narrative:**

During Q2, the Consortium requested a technical amendment to its action plan to change the 25% Set-Aside Program to include the use of approximately \$3,000,000 for new construction of special needs apartments on vacant land owned by the City of San Jose. The technical amendment was approved in Q3 and the action plan was revised to reflect the use of \$3,000,000 under Eligible Use E towards the 25% Set-Aside Program. As a result of the approved amendment, the Consortium intends to commit up to \$3,000,000 in NSP2 25% Set-Aside funds to Eden Housing, Inc. to construct up to 20 special-needs apartments targeted to Very Low Income households earning less than 50% Area Median Income. The proposed construction site is located on the north side of Ford Road approximately 550 feet east of Monterey Road and is owned by the City of San Jose. The City Council selected Eden Housing to develop the site after completing a competitive Request for Proposals process. On January 3, 2011, the City of San Jose Housing Department intends to submit a Council Memorandum recommending City Council approve a funding commitment for the Ford and Monterey Special Needs Apartments on January 25, 2011.

**Activity Location:**

Address	City	State	Zip
No Activity Locations Found			

**Other Funding Sources Budgeted - Detail**

Match Sources	Amount
Housing Trust of Santa Clara County Matching Funds	500,000
Subtotal Match Sources	500,000

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	500,000

**Grantee Activity Number:**

F-01-500

**Activity Title:**

Administration - HTSCC

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

0003

**Project Title:**

Administration

**Projected Start Date:**

02/11/2010

**Projected End Date:**

02/10/2013

**National Objective:**

N/A

**Completed Activity Actual End Date:**

**Responsible Organization:**

Housing Trust of Santa Clara County

**Benefit Type:**

N/A

	Oct 1 thru Dec 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	826,446
<b>Total CDBG Program Funds Budgeted</b>	N/A	826,446
<b>Program Funds Drawdown</b>	18,029.34	55,853.16
<b>Obligated CDBG DR Funds</b>	20,840.21	81,765.21
<b>Expended CDBG DR Funds</b>	0	36,207
<b>Housing Trust of Santa Clara County</b>	0	36,207
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Activity Description:**

**Location Description:**

**Activity Progress Narrative:**

During Q4, the Housing Trust of Santa Clara County participated in regularly scheduled meetings to discuss the progression of grant activities as well as to update the activity schedule and work plans, as needed. In addition to developing and releasing the Notice of Funding Availability for Developers to implement the 25% Set-Aside Rental Program, a primary focus for Housing Trust Staff was the completion of the Consortium's NSP2 Policies & Procedures Manual as well as activity specific procedural guides. The final draft of the manual and guides were completed in mid-December. Staff is currently in the process of developing and scheduling NSP2 Policies & Procedures Trainings for the selected Developers of the Acquisition, Rehab and Resale Program and the soon to be selected Developers of the 25% Set-Aside Rental Program.

**Activity Location:**

Address	City	State	Zip
No Activity Locations Found			

**Other Funding Sources Budgeted - Detail**

Match Sources	Amount
No Other Match Funding Sources Found	

Other Funding Sources	Amount
No Other Funding Sources Found	

<b>Grantee Activity Number:</b> F-02-510	<b>Activity Title:</b> Administration - City
<b>Activity Category:</b> Administration	<b>Activity Status:</b> Under Way
<b>Project Number:</b> 0003	<b>Project Title:</b> Administration
<b>Projected Start Date:</b> 02/11/2010	<b>Projected End Date:</b> 02/10/2013
<b>National Objective:</b> N/A	<b>Completed Activity Actual End Date:</b>
<b>Responsible Organization:</b> City of San Jose	
<b>Benefit Type:</b> N/A	

	Oct 1 thru Dec 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	1,113,554
<b>Total CDBG Program Funds Budgeted</b>	N/A	1,113,554
<b>Program Funds Drawdown</b>	28,792.43	28,792.43
<b>Obligated CDBG DR Funds</b>	28,792.43	28,792.43
<b>Expended CDBG DR Funds</b>	0	0
<b>City of San Jose</b>	0	0
<b>Housing Trust of Santa Clara County</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Activity Description:**

**Location Description:**

**Activity Progress Narrative:**

During Q4, the City of San Jose participated in regularly scheduled meetings to discuss the progression of grant activities as well as to update the activity schedule and work plans, as needed. In addition to the selection of Developers for the Acquisition, Rehab and Resale Program, a primary focus for City Staff was the completion of the Consortium's NSP2 Policies & Procedures Manual as well as activity specific procedural guides. The final draft of the manual and guides were completed in mid-December. Staff is currently in the process of developing and scheduling NSP2 Policies & Procedures Trainings for the selected Developers of the Acquisition, Rehab and Resale Program and the soon to be selected Developers of the 25% Set-Aside Rental Program.

**Activity Location:**

Address	City	State	Zip
No Activity Locations Found			

**Other Funding Sources Budgeted - Detail**

Match Sources	Amount
No Other Match Funding Sources Found	

**Other Funding Sources**

Other Funding Sources	Amount
No Other Funding Sources Found	

**Grantee Activity Number:**

F-03-520

**Activity Title:**

Administration - NHSSV

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

0003

**Project Title:**

Administration

**Projected Start Date:**

02/11/2010

**Projected End Date:**

02/10/2013

**National Objective:**

N/A

**Completed Activity Actual End Date:**

**Responsible Organization:**

Housing Trust of Santa Clara County

**Benefit Type:**

N/A

	Oct 1 thru Dec 31, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	60,000
<b>Total CDBG Program Funds Budgeted</b>	N/A	60,000
<b>Program Funds Drawdown</b>	0	0
<b>Obligated CDBG DR Funds</b>	0	0
<b>Expended CDBG DR Funds</b>	0	0
<b>Housing Trust of Santa Clara County</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

**Activity Description:**

Administration of NHSSV activities associated with this NSP2 grant

**Location Description:**

**Activity Progress Narrative:**

During Q4, Neighborhood Housing Services Silicon Valley, on behalf of the Consortium, provided Homebuyer Education Classes to 109 future homeowners. During the month of October, 46 potential homeowners attended classes of which 22% were Moderate Income, 88% were Low Income and 46% were Female Headed Households. During the month of November, 29 potential homeowners attended classes of which 45% were Moderate Income, 55% were Low Income and 52% were Female Headed Households. During the month of December, 34 potential homeowners attended classes of which 35% were Moderate Income, 65% were Low Income and 32% were Female Headed Households. The Consortium currently has 3 homebuyer education classes scheduled to be held at local library branches throughout the City of San Jose in January and February of 2011.

**Activity Location:**

**Address**

**City**

**State**

**Zip**

No Activity Locations Found

**Other Funding Sources Budgeted - Detail**

**Match Sources**

**Amount**

No Other Match Funding Sources Found

**Other Funding Sources**

**Amount**

No Other Funding Sources Found