



staff report

TO: Honorable Mayor and Members of the City Council

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Jim DellaLonga, Director of Economic Development

SUBJECT: Consideration and possible action to conduct a public hearing to receive comments on the 2016-2017 Annual Action Plan and adopt Resolution No. 16-XX A Resolution Approving the Action Plan for Fiscal Year 2016-2017; Authorizing the City Manager to Submit the Action Plan to the U.S. Department of Housing and Urban Development (HUD); Approving the Home Investment Partnership Funds Policies and Procedures Manual; and Authorizing the City Manager to Take All Actions Necessary to Implement the Programs Identified in the Plan

DATE: May 9, 2016

EXECUTIVE SUMMARY

On May 15th of each year, the City must submit to HUD an application for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) entitlement funds. The Action Plan, which details the City's proposed uses of its CDBG and HOME funds for Fiscal Year 2016-2017, serves as the City's formal application to HUD. The Action Plan also serves as a public document that describes and budgets the activities to be implemented each fiscal year. It provides a participatory process through which citizens are given an opportunity to be informed of, provide input on, and assist in the determination of the use of these funds.

RECOMMENDATION TO CITY COUNCIL

- 1) Open the public hearing; take testimonial and documentary evidence; and after considering the evidence, adopt Resolution No. 16-XX approving the Action Plan, adopting the City's HOME Investment Partnership Funds Policies and Procedures Manual and authorizing the City Manager or designee to take any actions needed to implement the programs identified in the 2016-2017 Action Plan; or
- 2) Alternatively, discuss and take other action related to this item.

FISCAL IMPACT

The City will receive \$954,637 in CDBG funds and \$293,918 in HOME funds.

PUBLIC NOTICE

On April 14, 2016, a Notice of Intent to Submit was published in the Bellflower Herald American (The Wave) newspaper. The Action Plan was made available for public review and comments beginning on April 14, 2016, and that availability will continue through May 15, 2016. The Action Plan is available to the public in the Housing and Grants Division at City Hall.

DISCUSSION

Community Development Block Grant Program (CDBG)

The CDBG Program is designed to assist the City in providing decent housing and suitable living environments, addressing community service and facility needs, and expanding economic opportunities primarily for low- and moderate-income persons.

The 2016-2017 CDBG entitlement allocation will be \$954,637. The City anticipates receiving \$1,000 in program income and utilizing \$108,120 in unused prior year CDBG entitlement funds.

Under the CDBG Program regulations, up to 15% of the annual allocation can be used for public and supportive service providers. For many years, the City has actively supported Public Services because of the vital role those organizations play in our community. With recent drastic cuts to the City's CDBG Entitlement, it has become necessary to reduce the amount of funding provided to those agencies. The current CDBG allocation will not allow the City to fund all of the agencies that have received funding in the past. The staff working group defined in the Citizen Participation Plan has approved public service funding recommendations to the City Council totaling \$150,265. A listing of those service providers and the recommended funding levels is included in the 2016-2017 Action Plan on Page 2.

CDBG administration expenses include general administration costs and prorated salaries for staff carrying out general administration relative to the CDBG Program.

Home Investment Partnership Program (HOME)

HOME funds may be used to expand affordable housing opportunities for low- and moderate-income persons through acquisition, rehabilitation, and construction of housing, as well as provision of first-time homebuyer assistance or rental assistance.

The 2016-2017 HOME entitlement allocation will be \$293,918. The City anticipates receiving \$1,000 in program income and utilizing \$824,725 in unused prior year HOME entitlement funds.

Under HOME regulations, up to 10% of the annual allocation can be used for general administration and at least 15% of the allocation must be set aside for Community Housing Development Organization (CHDO) activities.

Staff Report – Public Hearing on the 2016-2017 Annual Action Plan

May 9, 2016

Page 3 of 3

Lastly, as part of the City’s implementation of the Action Plan, staff is requesting the City Council adopt the City’s HOME Investment Partnership Funds Policies and Procedures Manual. The City developed the Policies and Procedures Manual for staff to effectively administer the CDBG and HOME programs.

ATTACHMENTS

Resolution No. 16-XX.....	4
2016-2017 Annual Action Plan	6
Draft Housing and Grants Manual 2016	62

CITY OF BELLFLOWER
RESOLUTION NO. 16-XX

A RESOLUTION APPROVING THE ACTION PLAN FOR FISCAL YEAR 2016-2017; AUTHORIZING THE CITY MANAGER TO SUBMIT THE ACTION PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD); APPROVING THE HOME INVESTMENT PARTNERSHIP FUNDS POLICIES AND PROCEDURES MANUAL; AND AUTHORIZING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY TO IMPLEMENT THE PROGRAMS IDENTIFIED IN THE PLAN

THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1. The City Council finds and declares as follows:

- A. The City participates in the Department of Housing and Urban Development's (HUD) Consolidated Plan Process and receives both Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds.
- B. Pursuant to Title 24 of the Code of Federal Regulations, the City is required to submit an Action Plan to HUD, detailing the City's proposed uses of its Fiscal Year 2016-2017 CDBG and HOME allocations;
- C. The City has prepared this Action Plan and provided opportunities to receive public comments through a duly noticed public hearing held on May 9, 2016, and during the 30-day period provided for public review of the Action Plan.
- D. The City has also prepared the HOME Investment Partnership Policies and Procedures Manual to guide staff in the effective administration of the CDBG and HOME programs.

SECTION 2. *Approval.* The City Council approves the Action Plan for Fiscal Year 2016-2017, attached as Attachment "A," and directs any necessary budgetary adjustments be incorporated into the Fiscal Year 2016-2017 Operating Budget.

SECTION 3. *Adoption.* The City Council adopts the HOME Investment Partnership Policies and Procedures Manual, as amended and dated March 21, 2016, attached as Attachment "B."

SECTION 4. *Authorizations.* The City Manager, or designee, is authorized to take reasonable action needed to implement this Resolution, including submittal of the Action Plan to the appropriate HUD office on behalf of the City. The City Manager, or designee, is further authorized to promulgate and implement administrative policies and procedures needed to effectuate the Action Plan and in accordance with the Manual.

SECTION 5. If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Resolution are severable.

SECTION 6. The Mayor, or presiding officer, is hereby authorized to affix his signature to this Resolution signifying its adoption and the City Clerk, or her duly appointed deputy, is directed to attest thereto.

SECTION 7. This Resolution will become effective immediately upon adoption.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BELLFLOWER THIS _____ DAY OF _____ 2016.

Dan Koops, Mayor

Attest:

Mayra Ochiqui, City Clerk

APPROVED AS TO FORM:

Karl H. Berger, City Attorney

Attachments: A. Action Plan for FY 2016-2017
B. HOME Investment Partnership Funds Policies and Procedures Manual (as amended and dated March 21, 2016)

DRAFT BELLFLOWER 2016 - 2017 ANNUAL ACTION PLAN



Prepared For:
City of Bellflower
Economic Development
Department
16600 Civic Center Drive
Bellflower California 90706

Prepared By:
SJC3 Consulting
21900 Burbank Blvd 3rd Floor
Woodland Hills California
91367



Table of Contents

Executive Summary	3
AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)	1
PR-05 Lead & Responsible Agencies – 91.200(b).....	5
AP-10 Consultation – 91.100, 91.200(b), 91.215(l).....	6
AP-12 Participation – 91.105, 91.200(c)	10
Expected Resources	11
AP-15 Expected Resources – 91.220(c) (1, 2).....	12
Annual Goals and Objectives.....	Error! Bookmark not defined.
AP-35 Projects – 91.220(d).....	17
Projects	Error! Bookmark not defined.
AP-38 Projects Summary.....	19
AP-50 Geographic Distribution – 91.220(f)	22
Affordable Housing	Error! Bookmark not defined.
AP-55 Affordable Housing – 91.220(g)	23
AP-60 Public Housing – 91.220(h).....	24
AP-65 Homeless and Other Special Needs Activities – .220(i).....	25
AP-75 Barriers to affordable housing – 91.220(j)	27
AP-85 Other Actions – 91.220(k)	28
Program Specific Requirements	Error! Bookmark not defined.



List of Tables

Table 1: Objectives and Outcomes 1

Table 2: Responsible Agencies 4

Table 3: Agencies, Groups, Organizations who Participated 1

Table 4: Other local/regional/state/federal planning efforts considered 4

Table 5: Citizen Participation Outreach 1

Table 6: Priority Table 4

Table 7: Goal Summary Information..... 1

Table 8: Goal Description 4

Table 9: Project Information 1

Table 10: Project Summary Information 4

Table 11: Geographic Distribution 1

Table 12: One Year Goals for Affordable Housing by Support Requirement 4

Table 13: One Year Goals for Affordable Housing by Support Type 1

Table 14: Program Income 4

Table 15: CDBG Requirements..... 4

List of Maps

Map 1: 4

Map 2: 1

Map 3: 4

Map 4: 1

Map 5: 4

Map 6: 4

Appendices

- A. Standard Form SF-424 Certifications and City Resolution
- B. Low and Moderate Income Census Tract Map
- C. HOME Resale/Recapture and Affirmative Marketing
- D. Public Notices/Public Comments



This Page is intentionally left blank



Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

Introduction

This Action Plan describes the activities and uses of Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) program funds for the program year beginning July 1, 2016 through June 30, 2017. This plan represents the second of five years of the City of Bellflower's 5 year Consolidated Plan for Housing and Community Development (ConPlan). The Annual Action Plan contained herein summarizes the manner in which the City will utilize and administer its available community development resources to address the needs of Bellflower's low and moderate income households.

The City of Bellflower is an entitlement jurisdiction that anticipates receiving approximately **\$954,637** in CDBG funds and **\$293,918** in HOME funds for FY 2016. Bellflower does not receive funding under the Emergency Solutions Grant (ESG) or Housing Opportunities for Persons with AIDS (HOPWA) programs. In recent years, the levels of CDBG and HOME funds for Bellflower have been decreasing. The level of program income received varies widely from year to year. Program income received will be re-programmed to fund activities that primarily benefit low and moderate income individuals or remove slum and blighting conditions.

Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The Consolidated Plan (ConPlan) establishes eleven priority needs/goals, in addition to planning and programmatic administration with associated goals to be met over the five-year period.

See table below for objectives and outcomes identified in the five year Consolidated Plan.



Table 1 - Objectives and Outcomes

	Goal Name	Start Year	End Year	Category	Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Improve and Conserve Existing Affordable Housing	2016	2017	Affordable Housing	City of Bellflower	Improve and Conserve Existing Affordable Housing	HOME: \$248,000	Homeowner Housing Rehabilitated: 6 Household Housing Unit
2	Provide Homebuyer Assistance	2016	2017	Affordable Housing	City of Bellflower	Provide Homeownership Assistance	HOME: \$230,722	Direct Financial Assistance to Homebuyers: 3 Households Assisted
3	Development of Affordable Housing	2016	2017	Affordable Housing Non-Homeless	City of Bellflower	Development of Affordable Housing	HOME/HOME CHDO \$611,529	Owner occupied constructed: 6 Units
4	Promote Equal Housing Opportunity	2016	2017	Affordable Housing	City of Bellflower	Promote Equal Housing Opportunity	CDBG: Fair Housing-\$26,000	Other: 300 Other
5	Support Continuum of Care	2016	2017	Homeless	City of Bellflower	Support Continuum of Care for the Homeless	CDBG: \$0 HOME: \$0	Overnight/Emergency Shelter/Transitional Housing Beds added: 25 Beds Homelessness Prevention: 30 Persons Assisted Other: 0 Other
6	Neighborhood Preservation	2016	2017	Non-Housing Community Development Neighborhood Preservation	City of Bellflower	Neighborhood Preservation	CDBG: \$226,507	Housing Code Enforcement/Fo reclosed Property Care: 350 Household Housing Unit
7	Public Services	2016	2017	Public Services	City of Bellflower	Public Services	CDBG: Volunteer-\$104,265	Public service activities other than Low/Moderate Income Housing Benefit: LMA
8	Employment Training	2016	2017	Non-Housing Community Development Employment Training	City of Bellflower	Job Creation/Retention	CDBG: \$20,000	Jobs created/retained: 20 Jobs
9	Section 108 Loan Repayment	2016	2017	Non-Housing Community Development Section 108 loan repayment	City of Bellflower	Repayment of Section 108	CDBG: Princ. & Interest-\$441,843	Other: 0 Other
10	Administration	2016	2017	Administration	City of Bellflower	Administration	CDBG: \$93,142 HOME: \$29,392	Other: 0 Other
11	Events Center and Fire Museum	2016	2017	Non-Housing Community Development Job Creation	City of Bellflower	Job Creation/Retention	CDBG: \$152,000	Jobs created/retained: 5 Jobs

Table 1– Objectives and Outcomes





Evaluation of past performance

In the 2015-2016 program year the City of Bellflower has used HOME funds to provide housing rehabilitation to approximately 6 low and moderate residents. The City has also allocated HOME funds to pay for administration and the First Time Homebuyer Program however no applicants have been funded as of yet. HOME/CHDO funds have been allocated to Partnership Housing Inc. to develop six (6) two (2) bedroom and three (3) bedroom owner-occupied units. CDBG funds were used to provide code enforcement, Public Services, Section 108 Loan repayment, Fair Housing, Administration and funding for development of an Events Center and Fire Museum.

Summary of Citizen Participation Process and consultation process

The planning and citizen participation activities for July 1, 2016–June 30, 2017 began April 14, 2016. In FY16-17 no applications were reviewed for public service activities as the funding was limited and awarded to local nonprofit organizations to carry out activities that benefit low and moderate income residents or create and retain jobs for low and moderate income residents.

Annual Action Plan (AAP) was available for a 30-day public comment period from **April 14, 2016** until **May 15, 2016**. The AAP was made available online and in hard copy at organizations throughout Bellflower’s Urban Core.

A public hearing was held on **May 9, 2016** to discuss the Plan. The public hearing was published in the Wave on April 14, 2016. Comments received during the public hearing and public comment period were shared with the City Council, community members and incorporated into the Annual Action Plan.

Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

To be added following the completion of the public hearing and comment period.

Summary of comments or views not accepted and the reasons for not accepting them

To be added following the completion of the public hearing and comment period.

Summary

TBD



PR-05 Lead & Responsible Agencies – 91.200(b)

Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	Bellflower	Economic Development Department
HOME Administrator	Bellflower	Economic Development Department

Table 2 – Responsible Agencies

Narrative (optional)

The Department of Economic Development of the City of Bellflower is responsible for the preparation and administration of the Five-Year Consolidated Plan, Annual Action Plan, and Consolidated Annual Performance Evaluation Report (CAPER). The Economic Development Department creatively uses both its CDBG and HOME funds to plan, coordinate, promote, and manage programs that spur and create economic growth including public and private development projects, business outreach, job recruitment and retention and marketing programs. Specifically, projects that will have a significant and positive impact on the community in the form of increased sales tax base, increased property values, community beautification and improving the quality of life for Bellflower residents.

The City of Bellflower has incorporated performance objectives and outcome measures for all activities funded with CDBG and HOME funds. Each funded activity will meet one of the performance objectives and outcomes. Specific performance objectives and outcomes can be found in the Action Plan.

Consolidated Plan Public Contact Information

Mr. Jim DellaLonga, Economic Development Director
 16600 Civic Center Drive
 Bellflower, CA 90706
 (562) 804-1424 ext. 2224
jdellalonga@bellflower.org

Mr. James Nguyen, Management Analyst
 16600 Civic Center Drive
 Bellflower, CA 90706
 (562) 804-1424 ext.2286
jnguyen@bellflower.org



AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

Introduction

The United States Department of Housing and Urban Development (HUD) now requires that entitlement jurisdictions submit the Annual Action Plan and the Five Year Consolidated Plan on the Integrated Disbursement and Information System (IDIS). The IDIS template contains relevant section and a series of questions to complete the plan. The City of Bellflower's 2016-2017 Annual Action Plan was developed using the Integrated Disbursement Information System (IDIS) template and in accordance with statutory requirements and federal regulations.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The City of Bellflower enhances coordination and supports collaboration efforts with the public by supporting assisted housing providers as well as public and private agencies such as, the Los Angeles County Health Department, including the Childhood Lead-Based Paint Poisoning Prevention Program, the Housing Authority of Los Angeles County, the Los Angeles Homeless Services Authority, the Department of Health and Human Services, the Department of Housing and Urban Development (HUD), the California Department of Housing and Community Development (HCD), the Department of Social Services, the Fair Housing Foundation, local public service agencies, and Community Housing Development Organizations (CHDOs).

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

A Continuum of Care (CoC) is a regional or local planning body that coordinates housing and service funding for homeless families and individuals. HUD's definition of a "CoC " is a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximize self-sufficiency. Outreach, intake and assessment, emergency shelter, transitional housing with supportive services and permanent housing with supportive services are all components of this strategy. The City of Bellflower consults and collaborates with the Los Angeles Homeless Service Authority (LAHSA) and local service providers, such as Our Place Housing Solutions (OPHS) to determine the available resources to address the needs of chronically homeless persons in Bellflower.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

Bellflower does not receive or allocate Emergency Solutions Grant (ESG) funds. The City collaborates with local service providers and will generally funds agencies based in



Bellflower as well as in the neighboring communities to meet the needs of the homeless and provide regional coverage. The homeless population is difficult to track and tend to move around from place to place. A regional approach is the best strategy to address the needs of the homeless in the City. That being said the City continues to collaborate with LAHSA and local service providers to assist this segment of the population.

Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities

Table 3 - Participating Agencies, Groups, Organizations

1	Agency/Group/Organization	LOS ANGELES HOMELESS SERVICES AUTHORITY
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Anti-poverty Strategy
	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	LAHSA was consulted as to the homeless count in the City of Bellflower.
2	Agency/Group/Organization	Little House Inc.
	Agency/Group/Organization Type	Services - Housing
	What section of the Plan was addressed by Consultation?	Special Needs Housing
	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Little House was consulted through emails and phone to receive input on the needs of the community. Little House developed new housing for women that have alcohol and substance abuse problems. This housing provided construction of housing for the special needs populations in the community.
3	Agency/Group/Organization	KINGDOM CAUSES BELLFLOWER
	Agency/Group/Organization Type	Services-Employment
	What section of the Plan was addressed by Consultation?	Employment opportunity for nonviolent ex-offenders
	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	Kingdom Causes was consulted through emails, phone, and in person meetings. The anticipated outcome is to provide employment training for the hard to employ population, specifically employment training for ex-offenders re-entering the community.
4	Agency/Group/Organization	Fair Housing Foundation
	Agency/Group/Organization Type	Services - Housing
	What section of the Plan was addressed by Consultation?	Fair Housing



	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	This organization was consulted in regards to fair housing in the City of Bellflower.
5	Agency/Group/Organization	Los Angeles County Department of Public Health- Division of HIV and STD Program
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS / Childhood Lead Based Poisoning
	What section of the Plan was addressed by Consultation?	Lead-based Paint is addressed through our Home Improvement Program (Rehabilitation)
	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	This Agency was contacted by phone about lead based paint cases in the City of Bellflower.
6	Agency/Group/Organization	SOUTHEAST LOS ANGELES COUNTY WORKFORCE INVESTMENT BOARD
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Economic Development Employment Training and Services
	How the Agency/Group/Organization consulted and what are the anticipated outcomes of the consultation or areas for improved coordination?	This organization was consulted about employment services available to Bellflower residents.

Table 3– Agencies, groups, organizations who participated



Identify any Agency Types not consulted and provide rationale for not consulting

No agency type was excluded from providing input on the Consolidated Plan.

Table 4 - Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
City Council Goals	City of Bellflower	Goals include plans to improve the City through economic development, public services, housing rehabilitation and development
Housing Element	Planning Department	The Housing Element provides goals and recommendations for improving housing conditions in the City of Bellflower
LAHSA Homeless Report	LAHSA	LAHSA establishes goals and objectives that overlap and address the following areas of the 2015-2020 Consolidated Plan: SP-60 Homeless Strategy, MA-30 Homeless Facilities, AP-65 Homeless and other Special Needs Activities, NA-40 Homeless Needs Assessment

Table 4- Other local/regional/state/federal planning efforts considered

Narrative (optional)

The City will continue its coordination efforts with local, regional and federal agencies to further the goals and objectives of the Five Year Consolidated Plan. The City of Bellflower will continue to cooperate and coordinate with public and private agencies such as, the Los Angeles County Health Department, (specifically the Childhood Lead-Based Paint Poisoning Prevention Program), the Los Angeles County Housing Authority, the Los Angeles Homeless Services Authority, the Department of Health and Human Services, the Department of Housing and Urban Development (HUD), the California Department of Housing and Community Development (HCD), the Department of Social Services, the Fair Housing Foundation, local public services agencies, and Community Housing Development Organizations (CHDOs).



AP-12 Participation – 91.105, 91.200(c)

Summary of citizen participation process/Efforts made to broaden citizen participation

Summarize citizen participation process and how it impacted goal-setting

The planning and citizen participation activities for July 1, 2016–June 30, 2017 began on April 14, 2016.

No CDBG funds were available for public service activities therefore a Notice of Funding Availability were not published.

Annual Action Plan (AAP) was available for a 30-day public comment period from **April 14, 2016 until May 15, 2016**. The AAP was made available online and in hard copy at organizations throughout Bellflower’s Urban Core.

A public hearing was held on **May 9, 2016** to discuss the Plan. The public hearing was announced the Wave on **April 14, 2016**. Comments received during the public hearing and public comment period were shared with all stakeholders and incorporated into the Annual Action Plan.



Table 5 - Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
1	Public Hearing	Minorities Non-targeted/broad community Residents of Assisted Housing Applicant Organizations	TBD	TBD	All comments will be accepted	
2	Public Comment Period	Non English Speaking-Specify other language: Spanish Non-targeted/broad community Residents of Assisted Housing Applicant Organizations	TBD	TBD	All comments will be accepted	

Table 5 – Citizen Participation Outreach



AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

Table 6 - Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of Con Plan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources : \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	\$954,637	\$1,000	\$108,120	\$1,063,757	0	CDBG funds will used to carry out the goals of the Consolidated Plan
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	\$293,918	\$1,000	\$824,725	\$1,119,643	0	HOME funds will be used to carry out the goals and objectives of the Consolidated Plan

Table 6 - Expected Resources – Priority Table



Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Like most cities Bellflower's needs far exceeds the available funding from the CDBG and HOME programs. The HOME program requires that for every HOME dollar spent, the City must provide a 25 percent match with non-federal dollars. In FY 2015-16, the City was granted a 50 percent match reduction such that its match requirement is now 12.5 percent by the last HUD published match requirements on June 12, 2016 at <https://www.hudexchange.info/resource/3833/fy-2014-home-match-reductions>. In the past, redevelopment Low and Moderate Income Housing Funds (LMHF) were the City's primary source for leveraging or providing matching funds for the City's housing programs.. Currently, the City still maintains an excess in match requirements from previous fiscal years of almost \$22 million. This excess match will fulfill the City's HOME match requirements for many years if the current level of HOME funding maintains. Given the limited annual allocations in CDBG and HOME funds, the City may consider pursuing new Section 108 loans in order to support large-scale public improvements or housing projects.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Not Applicable

Discussion

See Above



AP-20 Annual Goals and Objectives - 91.420, 91.220(c) (3) & (e)

Table 7- Goals Summary Information

	Goal Name	Start Year	End Year	Category	Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Improve and Conserve Existing Affordable Housing	2016	2017	Affordable Housing	City of Bellflower	Improve and Conserve Existing Affordable Housing	HOME: \$248,000	Homeowner Housing Rehabilitated: 6 Household Housing Unit
2	Provide Homebuyer Assistance	2016	2017	Affordable Housing	City of Bellflower	Provide Homeownership Assistance	HOME: \$230,722	Direct Financial Assistance to Homebuyers: 3 Households Assisted
3	Development of Affordable Housing	2016	2017	Affordable Housing Non-Homeless	City of Bellflower	Development of Affordable Housing	HOME/HOME CHDO: \$611,529 total funding including amendment and carryover	Owner occupied constructed: 6 Unit
4	Promote Equal Housing Opportunity	2016	2017	Affordable Housing	City of Bellflower	Promote Equal Housing Opportunity	CDBG: Fair Housing- \$26,000	Other: 150 Other
5	Support Continuum of Care	2016	2017	Homeless	City of Bellflower	Support Continuum of Care for the Homeless	CDBG: \$0 HOME: \$0	Overnight/Emergency Shelter/Transitional Housing Beds added: 25 Beds Homelessness Prevention: 30 Persons Assisted Other: 0 Other
6	Neighborhood Preservation	2016	2017	Non-Housing Community Development Neighborhood Preservation	City of Bellflower	Neighborhood Preservation	CDBG: \$226,507	Housing Code Enforcement/Foreclosed Property Care: 300 Household Housing Unit



	Goal Name	Start Year	End Year	Category	Area	Needs Addressed	Funding	Goal Outcome Indicator
7	Public Services	2016	2017	Public Services	City of Bellflower	Public Services	CDBG: Volunteer-\$104,265	Public service activities other than Low/Moderate Income Housing Benefit: LMA service area Persons Assisted
8	Employment Training	2016	2017	Non-Housing Community Development Employment Training	City of Bellflower	Job Creation/Retention	CDBG: \$20,000	Jobs created/retained: 20 Jobs
9	Section 108 Loan Repayment	2016	2017	Non-Housing Community Development Section 108 loan repayment	City of Bellflower	Repayment of Section 108	CDBG: Princ. & Interest-\$441,843	Other: 0 Other
10	Administration	2016	2017	Administration	City of Bellflower	Administration	CDBG: \$93,142 HOME: \$29,392	Other: 0 Other
11	Events Center and Fire Museum	2016	2017	Non-Housing Community Development Job Creation	City of Bellflower	Job Creation/Retention	CDBG: \$152,000	Jobs created/retained: 5 Jobs

Table 7 – Goals Summary

Table 8 - Goal Descriptions

1	Goal Name	Improve and Conserve Existing Affordable Housing
	Goal Description	HOME funds will be used to help 6 low and moderate income residents rehabilitate their homes.
2	Goal Name	Provide Homebuyer Assistance
	Goal Description	HOME funds will be used to assist 3 low and moderate income homebuyers with down payment assistance
3	Goal Name	Development of Affordable Housing
	Goal Description	HOME funds will be used to develop 6 owner occupied units of affordable housing through a local nonprofit Partnership Housing.



4	Goal Name	Promote Equal Housing Opportunity
	Goal Description	CDBG funds will be used to pay for Fair Housing services to promote equal housing opportunity.
5	Goal Name	Support Continuum of Care
	Goal Description	The City will continue to support continuum of care by funding local nonprofits with Successor Agency funds. OPHS is a local nonprofit organization that provides housing assistance vouchers and prevents homelessness.
6	Goal Name	Neighborhood Preservation
	Goal Description	CDBG funds will be used to conduct code enforcement activities in eligible areas to preserve neighborhoods.
7	Goal Name	Public Services
	Goal Description	CDBG funds will be used to provide public services through the Volunteer Center.
8	Goal Name	Employment Training
	Goal Description	CDBG funds will be used to provide employment training
9	Goal Name	Section 108 Loan Repayment
	Goal Description	CDBG funds will be used to pay Section 108 loan repayment.
10	Goal Name	Administration
	Goal Description	CDBG and HOME funds will be used to pay for the administration of the HOME and CDBG programs.

Table 8 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

Affordable housing will be provided with the use of HOME funds through the implementation of approximately **6** Single Family Rehabilitation Program loans and or grants and the City hopes to assist **3** First time Homebuyers through the First Time Homebuyer Program. The City will also use CHDO HOME funds to develop **6** affordable owner occupied housing units in collaboration with Partnership Housing Inc. In addition, the Successor Agency provides funds to OPHS to provide 5 housing vouchers and services for approximately 20 residents to assist those that are homeless or at risk of becoming homeless. Total estimated number of extremely low-income, low-income and moderate-income residents that will be assisted is **40**.



AP-35 Projects – 91.220(d)

Introduction

The United States Department of Housing and Urban Development (HUD) has established that all Participating Jurisdictions that receive CDBG and HOME funds must prepare an Annual Action Plan that shows the jurisdiction's needs and resources and established goals and objectives. These goals must address decent housing, suitable living environments, and expansion of economic opportunities for residents, including low and moderate-income people. The Annual Action Plan activities to be undertaken are updated annually and or as needed through the amendment of the Consolidated Plan.

The 2016-2017 Annual Action Plan describes all available resources and lists activities by type. The City will use CDBG, HOME, and all available resources to provide and or expand affordable housing opportunities and to address community development needs. The lead agency responsible for overseeing the development of the 2016-2017 Annual Action Plan is the Economic Development Department. The Annual Action Plan includes the Standard Forms 424, which are the formal applications to HUD for CDBG and HOME funds.

Table 9 – Project Information

#	Project Name
1	Fair Housing Foundation
2	KINGDOM CAUSES
3	Bellflower Volunteer Center
4	Events Center and Fire Museum
5	CDBG ADMINISTRATION
6	CODE ENFORCEMENT
7	SECTION 108 LOAN REPAYMENT
8	HOME ADMINISTRATION
9	SINGLE FAMILY REHABILITATION PROGRAM
10	FIRST TIME HOMEBUYER
11	PARTNERSHIP HOUSING INC.

Table 9 – Project Information



Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

- Provide Homeownership Assistance
- Promote Fair Housing
- Employment Training
- Job Creation/Retention
- Housing Rehabilitation
- Public Services
- Neighborhood Preservation/Code Enforcement
- Section 108 Debt Repayment
- Support the Continuum of Care/LAHSAs
- Administration/HOME/CDBG

The major obstacle to addressing the needs of the underserved is the lack of adequate funding. The dissolution of redevelopment agencies in California and reduced State and Federal funding levels have hampered affordable housing development.



AP-38 Projects Summary

Table 10 - Project Summary Information

1	Project Name	Fair Housing Foundation
	Target Area	City of Bellflower
	Goals Supported	Promote Equal Housing Opportunity
	Needs Addressed	Promote Equal Housing Opportunity
	Funding	CDBG: \$26,000
	Description	CDBG funds will be used to provide fair housing services to residents to prevent discrimination, provide referrals, investigations, case management, and litigation, and resolve landlord tenant disputes.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 300 residents will be served during the program year.
	Location Description	Citywide
	Planned Activities	See above.
2	Project Name	KINGDOM CAUSES
	Target Area	City of Bellflower
	Goals Supported	Employment Training
	Needs Addressed	Job Creation/Retention
	Funding	CDBG: \$20,000
	Description	OFFER EMPLOYMENT OPPROTUNITIES THROUGH GOOD SOILS INDUSTRIES. THE PROGRAM WILL ASSIST IN HIRING RESIDENTS THAT ARE UNDER EMPLOYED AND UNEMPLOYED. PROVIDES ON-THE-JOB TRAINING, CERTIFICATION PROGRAMS, AND JOB ACQUISITION SKILLS FOR THOSE WHO MAY HAVE A CRIMINIAL RECORD, AT-RISK OF BEING HOMELESS, AND SINGLE FATHERS.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	20 jobs will be created or retained.
	Location Description	Citywide
	Planned Activities	See above
3	Project Name	Bellflower Volunteer Center
	Target Area	City of Bellflower
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$104,265
	Description	This program will recruit, train, supervise, and recognize individuals who volunteer their time to serve the low and moderate income residents of Bellflower
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Low and moderate income families that live in the service area will benefit from the actives.
	Location Description	Various services will be provided to low and moderate income area residents.
	Planned Activities	See above
4	Project Name	CDBG ADMINISTRATION
	Target Area	City of Bellflower
	Goals Supported	Administration
	Needs Addressed	Administration
	Funding	CDBG: \$93,142



	Description	PAYS FOR THE DEVELOPMENT, DESIGN, IMPLEMENTATION, AND COMPLIANCE OF ALL CDBG-FUNDED PROJECTS
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	This program will pay for the administration of CDBG programs and projects.
	Location Description	Citywide
	Planned Activities	See above
5	Project Name	CODE ENFORCEMENT
	Target Area	City of Bellflower
	Goals Supported	Neighborhood Preservation
	Needs Addressed	Neighborhood Preservation
	Funding	CDBG: \$226,507
	Description	ENFORCEMENT OF THE BELLFLOWER MUNICIPAL CODE RELATING TO PROPERTY MAINTENANCE AND ZONING IN LOW-AND-MODERATE INCOME AREAS AND SLUM/BLIGHT AREAS.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	CDBG funds will pay for code enforcement activities for approximately 350 housing units in low and moderate income areas and or slum blight areas.
	Location Description	Activities will be undertaken in the low and moderate income census tracts and slum blight census tracts in the City.
Planned Activities	Assist residents with bringing their homes up to code.	
6	Project Name	SECTION 108 LOAN REPAYMENT
	Target Area	City of Bellflower
	Goals Supported	Section 108 Loan Repayment
	Needs Addressed	Repayment of Section 108
	Funding	CDBG: \$441,843
	Description	REPAYMENT OF SECTION 108 LOAN
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Section 108 repayment
	Location Description	Citywide
Planned Activities	See above	
7	Project Name	HOME ADMINISTRATION
	Target Area	City of Bellflower
	Goals Supported	Administration
	Needs Addressed	Administration
	Funding	HOME: \$29,392
	Description	PAYS FOR THE DEVELOPMENT, DESIGN, IMPLEMENTATION, AND COMPLIANCE OF ALL HOME-FUNDED PROJECTS.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	HOME administration pays for staff and consultants to carry out HOME funded activities.
	Location Description	Citywide
Planned Activities	See above	
8	Project Name	SINGLE FAMILY REHABILITATION PROGRAM
	Target Area	City of Bellflower
	Goals Supported	Improve and Conserve Existing Affordable Housing
	Needs Addressed	Improve and Conserve Existing Affordable Housing
	Funding	HOME: \$248,000



	Description	PROVIDES FORGIVABLE LOANS AND GRANTS TO LOW-AND-MODERATE INCOME OWNER-OCCUPIED HOUSEHOLDS TO MAKE NECESSARY IMPROVEMENTS TO BRING NONCOMPLIANT PROPERTIES UP TO CURRENT ZONING AND BUILDING CODES.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Five low and moderate income households will be assisted in the 2015-2016 program year.
	Location Description	Citywide
	Planned Activities	See above
9	Project Name	FIRST TIME HOMEBUYER
	Target Area	City of Bellflower
	Goals Supported	Provide Homebuyer Assistance
	Needs Addressed	Provide Homeownership Assistance
	Funding	HOME: \$230,722
	Description	PROVIDES DOWN PAYMENT ASSISTANCE TO FIRST TIME HOMEBUYERS.
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Three low and moderate income households will be assisted in the 2016-2017 program year with down payment assistance.
	Location Description	Citywide
	Planned Activities	See above
10	Project Name	Partnership Housing Inc./NEW CONSTRUCTION
	Target Area	City of Bellflower
	Goals Supported	Development of Affordable Housing
	Needs Addressed	Development of Affordable Housing/ 6 units of Owner Occupied
	Funding	HOME: \$611,529
	Description	Construction of 6 owner occupied units
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Six housing units will be built to assist low and moderate income residents.
	Location Description	8809 Ramona Street Bellflower, CA 90706
	Planned Activities	See above
11	Project Name	Events Center and Fire Museum
	Target Area	City of Bellflower
	Goals Supported	Jobs Creation/ Retention
	Needs Addressed	Jobs Creation/ Retention
	Funding	CDBG: \$152,000
	Description	Construction of Events Center and Fire Museum
	Target Date	6/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	Offer employment opportunities. The program will assist in hiring residents that are under employed and unemployed. At least five jobs will be created.
	Location Description	16400 Bellflower Blvd
	Planned Activities	See above

Table 10 – Project Summary Information



AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

As funding has been reduced and a majority of CDBG funds are being used to repay a Section 108 loan the City has not established a target area to distribute the investment of CDBG and HOME. The City’s approach is rather to address the needs and fill the gaps whenever possible. The City concentrates on projects that have the greatest positive impact on the community while meeting some of the needs of the underserved. Low and moderate income areas in the City (defined as a block group where at least 51 percent of the population with incomes not exceeding 80 percent of the Area Median Income). Investments and services serving special needs populations and primarily low and moderate income persons will be made throughout the City; however, housing assistance and housing acquisition will be available to income-qualified households citywide.

Table 11 - Geographic Distribution

Target Area	Percentage of Funds
City of Bellflower	100

Table 11 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Both CDBG and HOME funds will be used citywide

Discussion

Not Applicable



AP-55 Affordable Housing – 91.220(g)

Introduction

The City plans to use its HOME funds to support a number of authorized housing activities, including the Residential Rehabilitation Grant Program, First Time Homebuyer Program, and Housing New Construction. The needs of the homeless are handled through nonprofit organizations such as Our Place housing Solutions and the CoC (LAHSA).

Table 12 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households to be Supported	
Homeless	25
Non-Homeless	15
Special-Needs	0
Total	40

Table 12 - One Year Goals for Affordable Housing by Support Requirement

Table 13 - One Year Goals for Affordable Housing by Support Type

One Year Goals for the Number of Households Supported Through	
Rental Assistance (OPHS)	25
The Production of New Units (Partnership Housing)	6
Rehab of Existing Units (Housing Rehab)	6
Acquisition of Existing Units (1 st time homebuyer)	3
Total	40

Table 1 - One Year Goals for Affordable Housing by Support Type

Discussion

The City provides rental assistance through Our Places Housing Solutions (OPHS). OPHS provides housing assistance by administering housing vouchers to that are homeless or at risk of becoming homeless and homeless prevention outreach. The target population is extremely low income residents.



AP-60 Public Housing – 91.220(h)

Introduction

No public housing is located in the City of Bellflower.

Actions planned during the next year to address the needs to public housing

The needs of public housing are addressed by the Housing Authority of the County of Los Angeles (HACoLA).

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Not applicable to the City of Bellflower

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable to the City of Bellflower

Discussion

See discussions above.



AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The majority of homelessness activities are undertaken by the local CoC (LAHSA) and its member agencies that access funding to run shelters and provide services to those who on the verge of homelessness and those who are already homeless. Bellflower has attended (LAHSA) meetings to contribute as called upon. The City completed the construction of special needs housing for a local nonprofit. Little House is a longstanding local nonprofit that provides transitional housing for women with alcohol and substance abuse problems. Additionally, temporary rental vouchers and outreach are provided by Our Place Housing Solutions to homeless population and at-risk homeless.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City of Bellflower will continue a coordinated effort with LAHSA in their efforts to prevent homelessness. The Consortium will assist by providing funding to help homeless and near homeless individuals and families with the transitional and permanent affordable housing. This could be in the form of rehabilitation to facilities that provide temporary housing, housing vouchers, shelters, motel vouchers, and or supportive services and job training to those who are homeless. Public services activities may also indirectly provide services to those that are homeless or at risk of becoming homeless.

Addressing the emergency shelter and transitional housing needs of homeless persons

Bellflower assisted by providing funding to help homeless and near homeless individuals by providing funding for new construction of transitional housing for women with alcohol and substance abuse problems. The goal is to transition and empower women to permanent affordable housing. Bellflower will continue to do so to prevent homelessness will be strongly considered.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Bellflower will continue to provide funding for housing rehabilitation and the development of housing units for low and moderate income individuals and families. By adding to the number of affordable housing units in the City, homeless individuals and families that are homeless or near homeless by doing this population has a better opportunity to receive permanent affordable housing.



Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Again the City is not in a position to directly assist those that are homeless with housing or supportive services. Instead the City will continue to refer clients to LAHSA, 2-1-1, and local nonprofits that may be able to assist depending on the need of the client.

Discussion

See Above



AP-75 Barriers to affordable housing – 91.220(j)

Introduction

See Below

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Market barriers affect the City's ability to provide and maintain affordable housing. The City's land use controls, site improvement requirements, building codes and application fees, ensure quality and sound development. The production of affordable housing for all income levels is becoming increasingly harder in California with the dissolution of redevelopment agencies and reduction in federal funds. The City will continue to waive certain fees and provide density bonuses for projects that provide lower income and senior citizen housing. The City is built-out and has no available land to build upon. To address this deficiency, the City has prepared a mixed-use development zone in the town center area so that underutilized sites may be considered for housing development.

See above.



AP-85 Other Actions – 91.220(k)

Introduction

The priority needs established in the Five-Year Consolidated Plan form the basis for establishing objectives and outcomes in the FY 2016-17 One-Year Action Plan, which are as follows:

- Provide homeownership assistance and rehabilitation
- Assist in the development of affordable housing
- Promote equal housing opportunity;
- Support the continuum of care system for the homeless;
- Provide Neighborhood Revitalization
- Provide public services, employment training and community and supportive services to foster a suitable living environment and economic opportunities; and
- Planning and Administration.

Actions planned to address obstacles to meeting underserved needs

The City has had a good amount of success in dealing with homeless families with children, female victims of abuse or female alcoholics by offering public service agency funds to local non-profits and non-profits that provide services to Bellflower residents. The City does not provide its own Human or Health Services and depends heavily on the Los Angeles County system and LAHSA to meet these needs.

The primary obstacle to address the needs of the underserved is funding availability. Since the elimination of Redevelopment Agencies and its funding it is more difficult to undertake revitalization projects. In addition, the City's infrastructure that has suffered from years of deferred maintenance. Another obstacle in meeting the needs of the underserved is lack of local data. While some data is available from the Los Angeles Homeless Services Authority (LAHSA) and other local service agencies, the data is generally aggregated for the region.

Actions planned to foster and maintain affordable housing

In the 2016-17 program year the City plans to allocate approximately **\$1,119,643** to Housing Programs for authorized housing activities. These programs include the HOME-funded Rehabilitation Program, First-Time Homebuyer Program and Special Needs Housing construction. Funds may be moved from the other Housing Programs Pool of Funds to these HOME Entitlement programs on an as-needed basis based on market conditions and demand. These programs assist the City with meeting the goals and objectives as adopted in the Five-Year Consolidated Plan and Housing Element. In addition the City will make efforts to facilitate the development of affordable housing, including:



- Continue to streamline the environmental review process for housing developments, using available state categorical exemptions and federal categorical exclusions when applicable.
- Annually pursue State, Federal and other funding opportunities to increase the supply of safe, decent, affordable housing in Bellflower for lower income households (including extremely low income households), such as seniors, disabled, the homeless, and those at risk of homelessness.
- Amend the Zoning Code to provide zoning incentives for affordable housing projects, such as increases in density,
- Support and refer residents to HACoLA and LAHSA for emergency housing, shelters and special needs housing, and supportive services

Actions planned to reduce lead-based paint hazards

The majority of the City's housing stock was built before 1980 which increases the likelihood of the unit to contain lead based paint. According to CHAS data 82 percent of the owner occupied units and 74 percent of rental units were built before 1980. The City's efforts are not restricted to a specific area and since the majority of the City's housing stock is old efforts will be made citywide. HUD's Lead Based Paint regulations require all units assisted with CDBG and HOME funds be inspected and abated. Bellflower's program guidelines include measures to ensure compliance with the regulations. The guidelines include testing, and lead paint removal and control activities. The City will refer any cases of suspected lead poisoning to the Los Angeles County Public Health Department for Investigation.

Actions planned to reduce the number of poverty-level families

According to the 2009-2013 American Community Survey 32.6 percent of female head of households with children under the age of 18 were below the poverty level. Women and youth are the most impacted by poverty; the City's Anti-Poverty Strategy focuses on revitalization efforts that will create and rehabilitate affordable housing, revitalize neighborhoods and support economic opportunities that will create jobs for this segment of the population. The City anticipates its revitalization efforts will eventually increase foot traffic in the downtown and spur economic interest thereby increasing access to services, training and employment for those households most impacted by poverty. When possible the City will promote job-training opportunities, especially those aimed at young persons that will help them develop adequate skills to compete for better-paying jobs. The City will also use the HUD Section 3 Economic and Employment Opportunities requirement to promote the creation of local job opportunities in conjunction with construction projects funded with Federal assistance.

Actions planned to develop institutional structure

The City will take actions to develop and improve institutional structure by improving delivery of service, concentrating and expanding affordable housing opportunities with



the non-profit housing sector, improving coordination with County agencies and other agencies that provide services for low and moderate income residents and continuing collaborative ventures. The City will encourage communication with all stakeholders including LAHSA, Los Angeles County Department of Health Services, Bellflower Sheriff's Department, for profit developers, nonprofit developers, housing advocates, Children's Services, and Social Services, local nonprofits, schools, CHDO's, neighboring Cities, churches and community leaders.

The City will continue to support appropriate grant applications made by non-profits, which are consistent with the goals of the Consolidated Plan. The City will provide technical assistance and support to agencies requiring help in the preparation of applications. The City will continue to encourage and disseminate information, Notice of Funding Availability (NOFA) or other information about available resources to agencies or groups that are willing and capable of undertaking activities and programs consistent with the goals of the Consolidated Plan. The City will encourage development and capacity building of:

- Housing and economic development corporations
- Tenant advocacy groups, neighborhood development organizations
- Emergency and transitional housing providers
- Continuum of Care (LAHSA) services for the homeless

Actions planned to enhance coordination between public and private housing and social service agencies

The City maintains a contact list of interested nonprofits, public agencies, social services agencies and private housing developers that have capacity and potential to carry out activities and meet some of the goals described in the Consolidated Plan. Letters or notices announcing the availability of funds are emailed to potential applicants and interested agencies when funding is available. In addition, notices are published in the local newspaper and notices are posted at various locations in the City and on the City website. Staff attends local and regional meetings, which include service providers, neighboring agencies and elected officials to keep abreast of issues impacting the quality of life for Bellflower's low- income residents. When funds are available the City maintains a web presence and is pro-active in providing technical assistance throughout the year to assist interested citizens and agencies in understanding and applying for CDBG and HOME funds. The City will continue to strengthen its coordination and consultation efforts with other agencies, including State and local public agencies, to ensure that needed services and funding for homeless and other services are addressed. The City will continue to work with agencies and organizations to strengthen coordination, assess gaps in the delivery of services, and develop strategies to overcome the gaps and carry out the goals and objectives of the Annual Action Plan.

Discussion

See Above



AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

Table 14 – Program Income

1.	The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2.	The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	0
3.	The amount of surplus funds from urban renewal settlements	0
4.	The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5.	The amount of income from float-funded activities	0
	Total Program Income:	0

Table 14 – Program Income

Other CDBG Requirements

Table 15 – CDBG Requirements

1.	The amount of urgent need activities	0
----	--------------------------------------	---

Table 15 - CDBG Requirements

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.220(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

None

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Resale Provisions:

The City of Bellflower uses the resale provision in cases where direct HOME assistance is received by a Developer to develop new affordable housing for



sale. In this case an Affordability Covenant is attached to the property for an affordability period.

Agreements contain language restricting resale to another low income buyer that is 80% or below AMI. Language is included that state the home must be the principal residence of the purchaser. Additionally language is included that stipulates the owner will receive a fair return on their investment including capital improvements and that the unit will be available to low income buyers. Fair share is defined as:

1. Return of borrower's original down payment
2. Return of principal reduction payments on the first mortgage loan
3. Return of documented capital improvement costs

Recapture Provisions:

The City's Recapture Guidelines include a proportionate equity sharing provision which is effective when a house purchased with a HOME funded second-mortgage is sold, leased, transferred, and/or refinanced. The purpose of the program is to increase affordable housing over time. The City will meet this goal by recapturing the full amount of the program loan to assist other first time homebuyers. The recapture method, allows the homeowner to sell the assisted property to any buyer, regardless of income, at any price the market will bear.

Fair Return of Investment:

The Program requires that the assisted homebuyer receives a Fair Return of Investment. The City has determined that a Fair Return of Investment, at the time of sale of the property shall be:

1. Return of borrower's original down payment
2. Return of principal reduction payments on the first mortgage loan
3. Return of documented capital improvement cost

Equity Share:

The Program loan contains an "Equity Share" provision, defined as the City's proportionate share of equity in the property. If the principal amount of the loan becomes due and payable, the equity share will need to be paid in full along with the principal amount of the program loan. The only exception is that the full amount of the loan is forgiven if the resident occupies the home as primary residence for a period of 30 years.

3. **A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds. See 24 CFR 92.254(a)(4) are as follows:**

See Above Discussion



- 4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

The City does not currently plan to use HOME funds to refinance existing debt secured by multifamily housing.

Discussion

See Above



Appendix A: Standard Form SF-424, Certifications, and City Resolution



View Burden Statement

OMB Number: 4040-0004
Expiration Date: 8/31/2016

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text" value="B-16-MC-06-512"/>	
5a. Federal Entity Identifier: <input type="text" value="95-6005896"/>	5b. Federal Award Identifier: <input type="text"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text" value="City of Bellflower"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="95-6005896"/>	* c. Organizational DUNS: <input type="text" value="07-6209873"/>	
d. Address:		
* Street1: <input type="text" value="16600 Civic Center Drive"/>	Street2: <input type="text"/>	
* City: <input type="text" value="Bellflower"/>	County/Parish: <input type="text"/>	
* State: <input type="text" value="CA: California"/>	Province: <input type="text"/>	
* Country: <input type="text" value="USA: UNITED STATES"/>	* Zip / Postal Code: <input type="text" value="90706"/>	
e. Organizational Unit:		
Department Name: <input type="text" value="Economic Development"/>	Division Name: <input type="text"/>	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Jim"/>	
Middle Name: <input type="text"/>	* Last Name: <input type="text" value="DellaLonga"/>	
Suffix: <input type="text"/>	Title: <input type="text" value="Economic Development Director"/>	
Organizational Affiliation: <input type="text" value="City of Bellflower"/>		
* Telephone Number: <input type="text" value="562-804-1424 ext. 2224"/>	Fax Number: <input type="text" value="562-925-8660"/>	
* Email: <input type="text" value="jdellalonga@bellflower.org"/>		



Application for Federal Assistance SF-424		
* 9. Type of Applicant 1: Select Applicant Type:		
C: City or Township Government		▼
Type of Applicant 2: Select Applicant Type:		
		▼
Type of Applicant 3: Select Applicant Type:		
		▼
* Other (specify):		
<input type="text"/>		
* 10. Name of Federal Agency:		
U.S. Department of Housing and Urban Development (HUD)		
11. Catalog of Federal Domestic Assistance Number:		
14-218		
CFDA Title:		
Community Development Block Grant (CDBG) Program		
* 12. Funding Opportunity Number:		
<input type="text"/>		
* Title:		
<input type="text"/>		
13. Competition Identification Number:		
<input type="text"/>		
Title:		
<input type="text"/>		
14. Areas Affected by Project (Cities, Counties, States, etc.):		
<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>
		<input type="button" value="View Attachment"/>
* 15. Descriptive Title of Applicant's Project:		
CDBG funds will be used to provide public services, code enforcement, fair housing, planning and administrative activities.		
Attach supporting documents as specified in agency instructions.		
<input type="button" value="Add Attachments"/>	<input type="button" value="Delete Attachments"/>	<input type="button" value="View Attachments"/>



Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant <input type="text" value="34th"/>	* b. Program/Project <input type="text" value="35th"/>
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
17. Proposed Project:	
* a. Start Date: <input type="text" value="07/01/2016"/>	* b. End Date: <input type="text" value="6/30/2017"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="954,637.00"/>
* b. Applicant	<input type="text"/>
* c. State	<input type="text"/>
* d. Local	<input type="text"/>
* e. Other	<input type="text"/>
* f. Program Income	<input type="text" value="10,000.00"/>
* g. TOTAL	<input type="text" value="964,637.00"/>
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <input type="text"/> .	
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.	
<input checked="" type="checkbox"/> c. Program is not covered by E.O. 12372.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes", provide explanation and attach	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE	
<small>** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.</small>	
Authorized Representative:	
Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Jeffrey"/>
Middle Name: <input type="text" value="L"/>	
* Last Name: <input type="text" value="Stewart"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="City Manager"/>	
* Telephone Number: <input type="text" value="562-804-1424 ext. 2207"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="jstewart@bellflower.org"/>	
* Signature of Authorized Representative: <input type="text"/>	* Date Signed: <input type="text"/>



[View Burden Statement](#)

OMB Number: 4040-0004
Expiration Date: 8/31/2016

Application for Federal Assistance SF-424

<p>* 1. Type of Submission:</p> <p><input type="checkbox"/> Preapplication</p> <p><input checked="" type="checkbox"/> Application</p> <p><input type="checkbox"/> Changed/Corrected Application</p>	<p>* 2. Type of Application:</p> <p><input checked="" type="checkbox"/> New</p> <p><input type="checkbox"/> Continuation</p> <p><input type="checkbox"/> Revision</p>	<p>* If Revision, select appropriate letter(s):</p> <p><input type="text"/></p> <p>* Other (Specify):</p> <p><input type="text"/></p>
---	---	---

<p>* 3. Date Received:</p> <p><input type="text"/></p>	<p>4. Applicant Identifier:</p> <p>M-16-MC-06-547</p>
--	---

<p>5a. Federal Entity Identifier:</p> <p>95-6005896</p>	<p>5b. Federal Award Identifier:</p> <p><input type="text"/></p>
---	--

State Use Only:

<p>6. Date Received by State:</p> <p><input type="text"/></p>	<p>7. State Application Identifier:</p> <p><input type="text"/></p>
---	---

8. APPLICANT INFORMATION:

<p>* a. Legal Name: City of Bellflower</p>	
<p>* b. Employer/Taxpayer Identification Number (EIN/TIN):</p> <p>95-6005896</p>	<p>* c. Organizational DUNS:</p> <p>07-6209873</p>

d. Address:

* Street1:	16600 Civic Center Drive
Street2:	<input type="text"/>
* City:	Bellflower
County/Parish:	<input type="text"/>
* State:	CA: California
Province:	<input type="text"/>
* Country:	USA: UNITED STATES
* Zip / Postal Code:	90706

e. Organizational Unit:

<p>Department Name:</p> <p>Economic Development</p>	<p>Division Name:</p> <p><input type="text"/></p>
---	---

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:	Mr.	* First Name:	Jim
Middle Name:	<input type="text"/>		
* Last Name:	DellaLonga		
Suffix:	<input type="text"/>		
Title:	Economic Development Director		
Organizational Affiliation:	City of Bellflower		
* Telephone Number:	562-804-1424 ext. 2224	Fax Number:	562-925-8660
* Email:	jdellalonga@bellflower.org		



Application for Federal Assistance SF-424
* 9. Type of Applicant 1: Select Applicant Type: C: City or Township Government Type of Applicant 2: Select Applicant Type: Type of Applicant 3: Select Applicant Type: * Other (specify):
* 10. Name of Federal Agency: U.S. Department of Housing and Urban Development (HUD)
11. Catalog of Federal Domestic Assistance Number: 14-239 CFDA Title: Home Investment Partnership Program (HOME)
* 12. Funding Opportunity Number: * Title:
13. Competition Identification Number: Title:
14. Areas Affected by Project (Cities, Counties, States, etc.): <input type="text"/> <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
* 15. Descriptive Title of Applicant's Project: HOME funds will be used to create and retain affordable housing for low income residents in the City of Bellflower.
Attach supporting documents as specified in agency instructions. <input type="button" value="Add Attachments"/> <input type="button" value="Delete Attachments"/> <input type="button" value="View Attachments"/>



Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant <input type="text" value="34th"/>	* b. Program/Project <input type="text" value="35th"/>
Attach an additional list of Program/Project Congressional Districts if needed.	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
17. Proposed Project:	
* a. Start Date: <input type="text" value="07/01/2016"/>	* b. End Date: <input type="text" value="6/30/2017"/>
18. Estimated Funding (\$):	
* a. Federal	<input type="text" value="293,918.00"/>
* b. Applicant	<input type="text" value=""/>
* c. State	<input type="text" value=""/>
* d. Local	<input type="text" value=""/>
* e. Other	<input type="text" value=""/>
* f. Program Income	<input type="text" value="1,000.00"/>
* g. TOTAL	<input type="text" value="294,918.00"/>
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <input type="text"/> .	
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.	
<input checked="" type="checkbox"/> c. Program is not covered by E.O. 12372.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If "Yes", provide explanation and attach	
<input type="text"/>	<input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)	
<input checked="" type="checkbox"/> ** I AGREE	
** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.	
Authorized Representative:	
Prefix: <input type="text" value="Mr."/>	* First Name: <input type="text" value="Jeffrey"/>
Middle Name: <input type="text" value="L"/>	
* Last Name: <input type="text" value="Stewart"/>	
Suffix: <input type="text"/>	
* Title: <input type="text" value="City Manager"/>	
* Telephone Number: <input type="text" value="562-804-1424 ext. 2207"/>	Fax Number: <input type="text"/>
* Email: <input type="text" value="jstewart@bellflower.org"/>	
* Signature of Authorized Representative: <input type="text"/>	* Date Signed: <input type="text"/>



CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the Consolidated Plan regulations, the jurisdiction certifies that:

Affirmatively Further Fair Housing -- The jurisdiction will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under Section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about -
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
 - (a) Abide by the terms of the statement; and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such



conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying -- To the best of the jurisdiction's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of Jurisdiction -- The Consolidated Plan is authorized under State and local law (as applicable) and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with Plan -- The housing activities to be undertaken with CDBG, HOME, ESG,



and HOPWA funds are consistent with the Strategic Plan.

Section 3 -- It will comply with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Signature/Authorized Official

Date

Jeffrey Stewart

Name

City Manager

Title

16600 Civic Center Drive

Address

Bellflower, CA 90706

City/State/Zip

562-804-1424 ext. 2207

Telephone Number



Specific CDBG Certifications

The Entitlement Community certifies that:

Citizen Participation -- It is in full compliance and following a detailed Citizen Participation Plan that satisfies the requirements of 24 CFR 91.105.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low and moderate income. (See CFR 24 570.2 and CFR 24 part 570.)

Following a Plan -- It is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

Use of Funds -- It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;
2. Overall Benefit. The aggregate use of CDBG funds including Section 108 guaranteed loans during program year(s) 2013, 2014, 2015 (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;
3. Special Assessments. It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public



improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force -- It has adopted and is enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-Discrimination Laws -- The grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Lead-Based Paint -- Its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K and R of Title 24;

Compliance with Laws -- It will comply with applicable laws.

Signature/Authorized Official

Date

Jeffrey Stewart

Name

City Manager

Title

16600 Civic Center Drive

Address

Bellflower, CA 90706

City/State/Zip

562-804-1424 ext. 2207

Telephone Number



**Optional Certification
CDBG**

Submit the following certification only when one or more of the activities in the action plan are designed to meet other community development needs having a particular urgency as specified in 24 CFR 507.208 (c)

The grantee hereby certifies that the Annual Plan includes one or more specifically identified CDBG-assisted activities, which are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

Signature/Authorized Official

Date

Jeffrey Stewart
Name

City Manager
Title

16600 Civic Center Drive
Address

Bellflower, CA 90706
City/State/Zip

562-804-1424 ext. 2207
Telephone Number



Specific HOME Certifications

The HOME participating jurisdiction certifies that:

Tenant Based Rental Assistance -- If the participating jurisdiction intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the participating jurisdiction's consolidated plan for expanding the supply, affordability, and availability of decent, safe, sanitary, and affordable housing.

Eligible Activities and Costs -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in § 92.214.

Appropriate Financial Assistance -- before committing any funds to a project, it will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing;

Signature/Authorized Official

Date

Jeffrey Stewart
Name

City Manager
Title

16600 Civic Center Drive
Address

Bellflower, CA 90706
City/State/Zip

562-804-1424 ext. 2207
Telephone Number



APPENDIX TO CERTIFICATIONS

Instructions Concerning Lobbying And Drug-Free Workplace Requirements:

Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant: Place of Performance (Street address, city, county, state, zip code). Check if there are workplaces on file that are not identified here. The certification with regard to the drug-free workplace is required by 24 CFR part 21.

Place Name	Street	City	County	State	Zip
City Hall	16600 Civic Center Drive	Bellflower	Los Angeles	CA	90706



7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including:

- a. All "direct charge" employees;
- b. All "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and
- c. Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

Note that by signing these certifications, certain documents must be completed, in use, and on file for verification. These documents include:

- 1. Analysis of Impediments to Fair Housing
- 2. Citizen Participation Plan
- 3. Anti-displacement and Relocation Plan

Signature/Authorized Official

Date

Jeffrey Stewart
Name

City Manager
Title

16600 Civic Center Drive
Address

Bellflower, CA 90706
City/State/Zip

562-804-1424 ext. 2207
Telephone Number



Appendix B: Low and Moderate Income Census Tract Map



Appendix C: HOME Resale/Recapture and Affirmative Marketing



Appendix D: Public Notices/ Public Comments



Draft

HOME Investment Partnership Funds

Home Improvement Program, First Time Homebuyer Program and Community Housing Development Organization (CHDO) Program

Policies and Procedures Manual

**Economic Development Department
16600 Civic Center Drive
Bellflower, CA 90650**

Amended: March 21, 2016



TABLE OF CONTENTS

INTRODUCTION.....	1
A. Purpose of Manual	1
B. Purpose of the Program	1
C. Funding Source	1
PART I - PROGRAM ADMINISTRATION.....	2
A. Regulations Governing the Program	2
B. Staff and Authority	2
C. Consistency with Consolidated Plan.....	2
D. Conflict Resolution.....	2
E. Files and Record Keeping	2
F. Financial Reporting.....	2
G. Funding Availability.....	3
H. Conflict of Interest.....	3
I. Fair Housing and Equal Opportunity.....	3
J. Program Outreach and Marketing	4
K. Labor Compliance	4
L. Section 3 Requirements	4
M. Amending the Policies and Procedures Manual	4
N. Exceptions to Program Policies and Procedures	4
PART II – PROGRAM SUMMARY AND GUIDELINES.....	5
A. Description and Amounts of Types of Assistance.....	5
B. Applicant Eligibility Criteria	6
C. Subsidy Amounts.....	6
D. Loan to Value (LTV) Ratio	6
E. After Rehabilitation Property Value.....	6
F. Agreements	7
G. Eligible Uses of Funds.....	7
H. Ineligible Uses of Funds	8
I. Hierarchy of the use of Funds.....	8
J. Eligible Repairs and Rehabilitation	8
K. Rehabilitation Standards	10
L. Property and Occupancy Eligibility Requirements	10
M. Homeownership Exceptions	11
N. Lead-Based Paint Notification Requirements	12
O. Other Requirements	12
P. Termination or Denial of Program Assistance	13
Q. Termination Procedures	14
R. Additional Funds.....	14
S. Death of Applicant	14
T. Repayment	15
U. Assumption.....	16
V. Subordination	16
W. Monitoring.....	16

PART III – PROCESSING PROCEDURES	17
A. Application Process	17
B. Application Intake	18
C. Verification of Property Ownership and Status	18
D. Income Calculation	19
E. Income Exclusions.....	22
F. Assessing Information and Computing Income	22
G. Special Circumstances	23
H. Household Size	23
I. Comparing Household Income to Income Limits	24
J. Title Report.....	24
K. Credit Reports	25
L. Lead-based Paint Assessment.....	25
M. Preliminary Loan to Value (LTV).....	25
N. Preliminary After Rehabilitation Value	25
O. Application – Follow-up	26
P. Denial of Application.....	26
Q. Approval of Application.....	26
R. Initial Property Inspection	26
S. Historic Preservation	27
T. Environmental Requirements	28
U. Relocation	28
V. Work Write-up.....	28
W. Cost Analysis.....	29
X. Bid Process	29
Y. Homeowner as Builder	30
Z. Bid Requirements for the Loan Programs.....	30
AA. General Contractor Courtesy List	31
BB. Contractor Qualifications	31
CC. Contractor Application and Documentation	32
DD. Verification of Contractor Qualifications.....	33
EE. Contractor Central File	33
FF. Disqualification of Contractors from the List	33
GG. Contractor Selection	34
PART IV – FINAL EVALUATION AND APPROVAL PROCEDURES.....	36
A. Final Loan Evaluation and Approval	36
PART V – FUNDING PROCEDURES.....	38
A. Loan Funding.....	38
B. Grant and Rebate Funding	39
C. Additional Funds.....	39
PART VI – CONSTRUCTION MANAGEMENT PROCEDURES	40
A. Pre-Construction Conference	40
B. Agreement for Rehabilitation	40
C. Notice to Proceed	40
D. Building Permits.....	40
E. Contractor Payment Schedule.....	41

F.	Progress Inspections	41
G.	Lead Monitoring	42
H.	Final Inspection	42
I.	Final Payment.....	42
J.	Notice of Completion	42
K.	Warranties	42
L.	Termite / Fumigation.....	42
M.	Change Orders	43
N.	Grievances Between Homeowner and Contractor.....	43
O.	Delays	43
P.	Termination of Agreement for Rehabilitation	43
Q.	Contractor Substitution	43
PART VII – LOAN SERVICING		44
A.	File Completion and Close-out	44
B.	File Maintenance	45
C.	Loan Repayments	45
D.	Payment of Property Taxes and Insurance.....	45
E.	Required Request for Notice of Default	45
F.	Annual Occupancy Restrictions and Certifications	46
G.	Subordinations.....	46
H.	Process for Loan Foreclosure.....	47
I.	Payoffs	47
J.	Verifications of Mortgage (VOM)	48
PART VIII – GLOSSARY OF TERMS.....		49

INTRODUCTION

A. Purpose of Manual

The purpose of this Home Improvement Program under CDBG and HOME (“Program”) Policies and Procedures Manual (“Manual”) is to provide a basic reference source for the operation of the Program. The Manual contains the basic Program policies, rules, and procedures, but does not and is not intended to contain every detail of policy, rules or regulations. Rather, it is intended to serve as an easily understood guide for delivery of the Program.

B. Purpose of the Program

The purpose of the Program is to promote the rehabilitation of housing stock in the City of Bellflower (“City”). It is designed to provide assistance to eligible homeowners for correction of health and safety deficiencies, and code violations and incipient code violations for properties located within the Program’s eligible area. The Program provides this assistance in the form of grants and loans used to finance the cost of necessary repairs that will provide the homeowner with a healthy, safe, sanitary, and code compliant home.

C. Funding Source

The City has entered into a contractual relationship with the U.S. Department of Housing and Urban Development’s Office of Community Development Planning and Development (HUD) to administer the Program Home Investment Partnership Act (HOME) Program.

Part I - PROGRAM ADMINISTRATION

A. Regulations Governing the Program

The Program's policies and procedures conform to Federal and State regulations governing the HOME Programs, and policies and procedures governing the activities of the City.

If the contents of this Manual conflict with any of the above, it is the regulations noted above, that prevail.

B. Staff and Authority

The Program is managed by the City's Economic Development Department. The Director of Economic Development ("Director") is responsible for delivering the Program and enforcing these policies and procedures. The Director may delegate duties of program delivery to the staff and consultants, or other City employees, as appropriate.

C. Consistency with Consolidated Plan

Program funds must be used in a manner that is consistent with the activities stipulated in the City's Annual Action Plan, and that are supportive of the goals specified in the Consolidated Plan.

D. Conflict Resolution

All complaints concerning the Program should be made, in writing, and a hearing is to be held within seven (7) business days of receipt of request. All parties must present their contentions and interpretations by themselves, or through counsel. The Housing Manager must make a decision within five (5) business days from the close of the arbitration, and issue a written decision within fifteen (15) business days.

If the applicant is not satisfied with staff's decision, a request for an appeal may be filed with the Director in writing ten (10) days of the date of the decision. The decision of the Director is final.

E. Files and Record Keeping

Program staff is to establish and maintain a permanent "master file" for each application. Master files are to be kept for five years for all programs and legal loan files an additional five years after a loan has been paid in full. Applications that were given a program number and were denied, withdrawn, or canceled will be kept for five years. Applications that were submitted, without all proper information and were canceled, information will be inputted into the database and kept for a one year. Master files are to be stored according to the type of program: grant, rebate, loan, legal file or paid.

F. Financial Reporting

The City's Finance Department is responsible for maintaining financial records in compliance with federal, state, and City regulations referred to above.

G. Funding Availability

The Program is implemented on a first-come, first served basis, and is subject to funding availability. The program is not an emergency program as Federal regulations apply and must be met prior to use of funds.

H. Conflict of Interest

The City of Bellflower meets all the requirements of 24.CFR, PART 570 (CDBG) and 24.CFR, PART 92.350 of HOME final rule, as amended 2013. Whenever a relationship is declared between applicants, contractor, and program staff, the Program Administrator must submit a memo to the Director explaining the nature of the relationship and asking for directive in the assignment of the case to appropriate staff. Ordinarily the case is to be assigned to staff that do not have preexisting relationships with the applicant. A preexisting relationship will not disqualify an applicant from participating in the program, provided the applicant meets all eligibility criteria.

No member of the City government, other City officials, employees, or agent of the City who exercise policy, decision-making functions, or responsibilities in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program, unless the application for assistance has been reviewed and approved according to applicable HUD policies. This ineligibility remains for one year after an individual's relationship with the City ends.

I. Fair Housing and Equal Opportunity

Program activities must comply with the following Federal Laws, executive orders, and regulations pertaining to fair housing and equal opportunity.

1. Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq), which states that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color, or national origin.
2. The Fair Housing Act (42 U.S.C. 3601-3620), which prohibits discrimination in the sale or rental of housing, the financing of housing, or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap, or familial status.
3. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259), which prohibits discrimination against individuals on the basis of race, color, religion, sex, or national origin in the sale, rental, leasing, or disposition of residential property or in the use or occupancy of housing assisted with Federal funds.
4. Age discrimination Act of 1975, as Amended (42 U.S.C. 6101), which prohibits age discrimination in programs receiving Federal financial assistance.
5. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The City will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

6. Equal Employment Opportunity, Executive Order 11246, as amended, which prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. This must be stipulated in all construction contracts.

J. Program Outreach and Marketing

All outreach efforts will be done in accordance with state and federal regulations pertaining to fair housing and equal opportunity to assure nondiscriminatory treatment, outreach, and access to the Program. Methods of outreach will be as follows:

1. Advertisement in local newspaper and/or newsletter.
2. Provide program information handouts at various City locations, such as City Hall, the Library and City website.
3. Presentations at local events or on cable television.

K. Labor Compliance

The Program is subject to Prevailing Wages and Davis-Bacon where applicable.

L. Section 3 Requirements

Section 3 requirements apply to loans or contracts of \$100,000 or more. Generally, the grants' and loans are exempt from Section 3 requirements because the maximum loan is \$50,000 however, special approval of projects that will exceed \$100,000 due to code compliance and/or a health and safety standard condition will be subject to these requirements. Refer to Appendix A – Section 3 Requirements

M. Amending the Policies and Procedures Manual

Economic Development staff may recommend policy and procedural changes to more effectively administer the programs. All changes made must be in accordance with federal and state regulations. Program procedural and policy changes require the Director's approval, and must be reported to HUD.

N. Exceptions to Program Policies and Procedures

Any case to which a standard policy or procedure, as stated in this manual, does not apply or an applicant is treated differently from others of the same class would be an exception.

Exceptions to the Program's policies and procedures are allowable on an individual case basis. A homeowner may request for a policy exception by providing a written explanation of reason for request or as a reasonable accommodation for persons with disabilities. This written request is then submitted to staff, who will then present a written recommendation report to the Economic Development Director. The report must contain a narrative, the recommended course of action, and include relevant documentation to support the exception requested. The Director may approve the policy or procedural exception, for the specific instance, by signing at the bottom of the written recommendation. If the Economic Development Director denies the request, the homeowner may appeal to the Loan Committee. If the Loan Committee denies the appeal, that will be the final decision. The approved or denied exception must be kept in the case master file.

Part II – PROGRAM SUMMARY AND GUIDELINES

The Program provides financial assistance for the rehabilitation of owner-occupied single-family *condominium unit, *townhouse unit or *1-4 tenant occupied residences located in the City of Bellflower, subject to household eligibility, and the following Program guidelines. Financial assistance will not be provided if the household and/or property do not meet the eligibility standards outlined in these guidelines.

* Condominium and townhouse units, interior repairs only. 1-4 tenant occupied unit's interior work in the unit of the qualified tenant, exterior repairs if 2 or more units qualify.

A. Description and Amounts of Types of Assistance

1. 0% Deferred Loan – This loan is restricted to single-family homes only. The maximum loan amount is \$50,000, no monthly payments and no interest is charged. The total of the existing mortgage debt plus loan amount must not exceed 80% of the assessed property value. No loan can be made if there is more than one mortgage or encumbrance on the property. The loan must be repaid in full when the property is sold, refinanced, or title is transferred. Applicants must own and reside in the home throughout the life of the loan. If an applicant for the loan had received a grant or loan, they will be subject to a seven year waiting period from the date of completion.
2. First Time Home Buyer Program-This program will provide down payment assistance up to \$50,000 to moderate income first time homebuyers that wish to purchase a home in Bellflower. Preference will be given to recent college graduates that wish to purchase a home in the Town Center area.
3. Community Development Housing Organization (CHDO) Project Development– This program provides the most restricted HOME Investment Partnership funds (CHDO 15% minimum per year) to local CHDO's that seek to acquire, rehabilitate and or develop affordable housing in the City. Grant and loan amounts vary depending on the size, scope, and feasibility of the project.

B. Applicant Eligibility Criteria

Income:

Household income cannot exceed 80% of the area median income (AMI), adjusted for household size. The income limits are published by HUD each year. All homeowners must certify that they meet the household income eligibility requirements and have their household income documented. The income limits in place at the time of approval will apply when determining applicant income eligibility. Income documentation must be the most recent available and at least within six months of approval date.

Loans - Debt Ratios and Credit:

Applicant's qualification to obtain financial assistance under the loan programs is determined by analyzing the financial information provided by the applicant and by reviewing the debt-to-income ratio, loan-to-value ratios, and credit history of applicant. The debt ratio should not exceed 38%, however loans will be reviewed on a case by case basis and the Economic Development Director at his or her discretion may authorize a higher debt ratio.

C. Subsidy Amounts

The HOME Program has established a minimum subsidy amount of \$1,000 and a maximum subsidy that varies by Metropolitan area. The subsidy limits are published by HUD each year. However, the City has the option to set-up different limits, as long as they comply with those limits established by the HOME Program. Therefore, the City has set the following parameters for the Program.

1. Minimum financial assistance is \$1,000.
2. The standard maximum loan amount is \$50,000.
3. The Director has the authority to approve projects that exceed the standard maximum loan amount, when the standard maximum loan limit is not sufficient to bring the unit into code compliance and/or a health and safety standard conditions. These special approvals are to be recommended on an "as needed" basis, and are subject to the maximum subsidy limits for the HOME Program.
4. Costs in excess of the Program amounts may be supplemented with personal funds.

In all instances, the loan amount must be in accordance with the loan-to-value ratios explained below.

D. Loan to Value (LTV) Ratio

Total indebtedness on the property cannot exceed 80% of the "after rehabilitation" value of the property.

E. After Rehabilitation Property Value

The U.S. Department of Housing and Urban Development (HUD) requires documentation of the after-rehabilitation value (ARV) to show such housing is within Section 203(b) program limits.

In accordance with 24 CFR 92.254(b), housing currently owned by a family (i.e., owner-occupied housing) only qualifies as affordable housing under the HOME Program if the estimated value of the property, after rehabilitation, does not exceed 95 percent of the median purchase price for the area (as established by HUD). The City must maintain files showing how

ARV was determined and found to be within the applicable program limits. Property value must be

determined prior to the provision of HOME Program assistance. The value will be established by appraisals prepared by a licensed fee appraiser. Project files must document the post rehabilitation appraised value and clearly indicate it in the appraisal report. This requires the City to provide the appraiser the written work write-up that includes the proposed rehabilitation for the subject property. An estimate of value also reflects the value of a standard property; this corresponds to the estimated post-rehabilitation value of the subject property, based on the proposed rehabilitation. The form called 95% Property Value Limit, included in Appendix D, must be completed for each project.

F. Agreements

All loans funded through the Program must be secured by the real property and improvements, and will also include a Deed of Trust, Promissory Note and Loan Agreement in favor of the City. Under the grant, the homeowner signs a participation agreement requiring that the home remain their primary residence for two (2) years following completion.

G. Eligible Uses of Funds

Funds must be used for the purpose of repairs, rehabilitation, bedroom and bathroom additions (to address overcrowding), or reconstruction of existing substandard homes. Eligible costs of rehabilitation include:

1. Labor and materials.
2. Building and Planning permits.
3. Other costs of repair (direct or indirect, such as contractor's overhead and profit).
4. Plans and specifications.
5. Fees – Property assessment, recording and filing, and private lender loan processing.
6. Reports – Termite inspection, soils, geologic, and credit.
7. Initial costs of initial lead inspection, costs associated with the remediation/abatement of lead-based paint, and costs of lead clearance test only in conjunction with other rehabilitation work.

Project-related soft costs, such as title reports, appraisal costs, cost of third party verifications, recording fees, etc., will be paid by the City as project delivery cost and will be not be included as part of the loan, grant or rebate, provided the applicant follow through with the program. If homeowner cancels assistance or fails to meet provisions, they may be subject to reimburse the City for these costs. Exception for reimbursement would be loss of job, illness of homeowner or family member residing in the home.

Lead-related costs, such as testing/assessment, hazard reduction work, relocation, and clearance will be paid as a lead grant. Lead testing/assessment must be in conjunction with

other rehabilitation work. Stabilization/removal is limited to the items as specified in the work write up to comply with the lead regulations.

H. Ineligible Uses of Funds

The following costs are **not** eligible uses of proceeds.

1. Materials, fixtures, equipment, or landscaping of a type and quality that exceeds adequate service, or that is not customarily used for properties in the same general area. No luxury upgrades are allowed.
2. Appliances
3. Construction, rehabilitation or modification to detached garages or structures under HOME program,
4. Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennae, and tennis courts.
5. Acquisition of land.
6. Room or bathroom additions, except for addressing overcrowding conditions.
7. Property taxes.
8. Reimbursement of costs incurred prior to approval of assistance.
9. Assistance related costs.
10. Repairs related to outstanding insurance claims or claims already paid.

I. Hierarchy of the use of Funds

Program funds must be used in the following order of priority:

(1) Life Threatening or Safety Repairs.

1. Health and Safety Hazards.
2. Livability Improvements.
3. Non-critical Improvements.
4. Other eligible general property rehabilitation work.

J. Eligible Repairs and Rehabilitation

Program funds are to be used for the rehabilitation of homes occupied by eligible owners/occupants. Rehabilitation means repairing or improving a deteriorated or outdated

houses. Deteriorated materials and components must be replaced with like materials. No luxury upgrades are allowed. Eligible repairs and improvements include:

1. Repairs that rectify the most urgent health and safety hazards, such as:
 - a. Unsafe structural parts of a house, which are likely to collapse in the immediate future if not supported. (e.g. porch, roof, stairways)
 - b. Electrical conditions that is likely to result in a fire or threaten human life in the immediate future. (e.g. overloaded circuits, and hazardous fixtures, switches, outlets, or wiring.)
 - c. Plumbing and septic systems repairs, which involve exposed sewage, leaking supply lines, and inoperable water heaters.
 - d. Mechanical system repairs that create conditions likely to result in a fire or leakage of gas or fumes.
 - e. Other conditions determined by staff that could result in a life threatening situation in the immediate future.

Incipient means that the fixture or system is functional now, but it is likely to fail in a few years.

2. Repairs that improve deteriorated or inadequate features of the structure that pose no immediate threat to life but will damage the dwelling if ignored, such as:
 - a. Defects in electrical, plumbing, and mechanical fixtures.
 - b. Unsafe entrances and exits.
 - c. Lack of smoke detector or similar device.
 - d. Deteriorating or inadequate structural conditions. (e.g. crumbling foundations, dry rot, and termite damage.)
 - e. Roofing
 - f. Heat exchanger in the furnace may become inoperative or hazardous
 - g. Flooring
 - h. Driveway
 - i. Fumigation
 - j. Modifications that aid the mobility of the elderly and physically disabled.
 - k. Other California Building Code deficiencies.
3. Improvements intended to improve the quality of life for dwellings, such as:
 - a. Overcrowding.
 - b. Addition or renovation of bedrooms or bathrooms. (See Item 6 below.)
 - c. Renovation of kitchen.
 - d. Addition or renovation of laundry facility.
 - e. Lack of energy or water-saving devices. Replacement of existing items only.
 - f. Heater.
4. Improvements that do not address life threatening or quality of life issues but are eligible, provided that items a and b listed below are in conjunction with work performed pursuant to Part II Section J 1-3 above:
 - a. Sandblasting/stucco
 - b. Painting
5. Rehabilitation work not related to rectifying life threatening and urgent safety issues, fixing health and safety hazards, improving livability, and improving non-critical conditions is considered

general property rehabilitation.

General property improvements for reconstruction would allow for the construction of a garage and/or a driveway.

6. The construction of additional bedrooms and bathrooms is allowed if the need can be demonstrated per the guidelines listed below. The accepted standard definition of overcrowding is more than 1.5 people per room or more than 2 people per bedroom. The program will not fund additions to a home for a den or family room.

GUIDELINES FOR ROOM AND BATHROOM ADDITIONS

Maximum No. of Persons in the Household	Number of Bedrooms	Number of Bathrooms
1	0	1
1-2	1	1
3-4	2	2
5-6	3	2
7-8	4	2
9-10	5	3
11-12	6	3

K. Rehabilitation Standards

State and local building codes, the City's rehabilitation standards, and accessibility requirements for persons with disabilities applies to all projects. All repair work related to health and safety conditions will meet California Building Code standards. The priority will be the elimination of health and safety hazards, and code compliance. Refer to Appendix B - Housing Rehabilitation Standards.

L. Property and Occupancy Eligibility Requirements

1. Property must be a single family home, condominium (interior only), and townhome (interior only).
2. Property must be owner-occupied,
3. Property must have a fee simple title (clear title) or a 99 year lease hold interest (see exceptions under M).
4. There must be sufficient equity in the property to ensure compliance of the loan-to-value requirements specified in Part II, Section "D" of this Manual for Loans only.
5. Property must be located within City boundaries.

6. Property must contain a legal residential structure intended for continued residential occupancy.
7. The after-rehabilitation value of the property cannot exceed the HOME Homeownership Value Limits, or those established by a local market survey conducted by the City and approved by HUD (applies to HOME program).
8. All taxes and assessments currently due or in arrears on the real estate must be paid before project can be considered eligible
9. Property cannot be located in a 100-year storm flood hazard area as identified on the effective Flood Insurance Rate Map (FIRM) in accordance with 43 CFR 6030. If property is located in AO flood zone, then flood zone insurance will be required.

M. Homeownership Exceptions

Homeownership means ownership in fee simple title in a one- to four- unit dwelling or in a condominium unit or 99 year leasehold interest except:

1. Housing located in insular areas must have a ground lease for at least 40 years.
2. Housing located on land owned by a community land trust for at least 50 years.

Ownership interest must be in good, marketable title, subject to only certain restrictions. The following situations also meet the ownership definition subject to only certain conditions:

1. Inherited property with multiple owners. This provision is for housing for which title has passed, by inheritance, to several heirs, not all of whom reside in the housing. This most often occurs when siblings inherit a family home that is occupied by one sibling. Rehabilitation assistance will be provided to the owner-occupant when he/she: (a) is low- income, (b) occupies the housing as his or her principal residence, and (c) pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).
2. Life Estate. Under a life estate, the occupant of the property has the right to live in the housing for the remainder of his or her life and does not pay rent. This might be a situation where a disabled adult occupies a dwelling owned by another family member under a life estate, or in which a deceased spouse leaves a property to the children of a previous marriage but permits the other spouse to occupy the property for the remainder of his or her life. Rehabilitation assistance may be provided to the person holding the life estate, provided the person is low-income and occupies the housing as his or her principal residence. (Grant and rebates only)
3. Inter vivos trust, also known as living trust. A living trust is created when the owner of property conveys his or her property to a trust for his or her own benefit or for that of a third party (the beneficiaries). The trust holds legal title and the beneficiary holds equitable title. The trustee is under a fiduciary responsibility to hold and manage the

trust assets for the beneficiary. This is a common estate planning tool. Rehabilitation assistance may be provided to a property if all beneficiaries of the trust qualify as a low-income family and occupy the property as their principal residence. The contingent beneficiaries, who receive no benefit from the trust and have no control over the trust assets until the beneficiary is deceased, need not be low-income. The trust must be valid and enforceable and must ensure that each beneficiary has the legal right to occupy the property for the remainder of his or her life.

4. **Beneficiary Deed.** A beneficiary deed conveys an interest in real property, including any debt secured by a lien on real property, to a grantee beneficiary designated by the owner and that expressly states that the deed is effective on the death of the owner. Upon the death of the owner, the grantee beneficiary receives ownership in the property, subject to all conveyances, assignments, contracts, mortgages, deeds of trust, liens, security pledges, and other encumbrances made by the owner or to which the owner was subject during the owner's lifetime. Rehabilitation assistance may be provided to the owner if he or she qualifies as low-income and occupies the property as his or her principal residence.

N. Lead-Based Paint Notification Requirements

Occupants of homes constructed prior to 1978 must receive proper notification of Lead-Based Paint (LBP) hazards as follows:

1. The Lead Hazard Information Pamphlet published by the EPA/HUD/Consumer Product Safety Commission must be given to all owners regardless of the cost of rehabilitation or paint test findings.
2. If lead-based paint is found through testing or if presumed, a Notice of Lead Hazard Evaluation or Presumption must also be supplied.
3. When Lead hazards are present, a Notice of Lead Hazard Reduction Activity and a Lead Hazard Evaluation Report must also be provided.

Refer to Appendix C – Lead Based Paint Hazard Reduction Guidelines.

O. Other Requirements

1. Property owners must submit an application and obtain approval prior to beginning repairs. Costs of repairs completed prior to assistance approval are not eligible for reimbursement.
2. 100% of financial assistance must be used to rehabilitate the home. No cash is provided to homeowner.
3. The loan is to be recorded as a trust deed on the property, and cannot be lower than 2nd position. Open lines of credit must be closed prior to loan approval.

4. There is a maximum of \$100,000 asset limitation in order to apply for the program, except as provided in Part II, Section P, 5. The value of homeowner's permanent residence not to be included as part of assets. Income derived from assets must be included in the income calculation.
5. Fire insurance: The homeowner must maintain fire insurance on the property for the duration of the program loan(s). This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the City as Loss Payee for the amount of the program loan(s). A binder must be provided to the City and maintained in the project master file.
6. Flood insurance: For homes in a 100-year flood zone, the homeowner must maintain flood insurance in an amount adequate to secure the Program loan and all other encumbrances. This policy must designate the City as Loss Payee and a binder must be provided to the City and maintained in the project master file.

P. Termination or Denial of Program Assistance

Applicants may be terminated from Program or denied assistance for the following reasons. This is not a complete list. It only includes those areas for which the applicant has direct control.

1. Terminated from a federal, state, or local program such as Section 8.
2. If applicant owes any money to the City or any housing authority under any program. If there is a repayment agreement, applicant can be terminated for not honoring the terms of the agreement.
3. False or withholding information.
4. Lack of proper paperwork.
5. The value of cash and investments exceeds \$100,000, except under the following circumstances:
 - The account is a qualified retirement account (IRA, annuity, deferred compensation)
 - The account is used for regular retirement income as shown over a 2 year history, and
 - Balance in the account does not exceed \$300,000, and
 - The monthly disbursement is the largest source of monthly income
6. If any member of the family commits fraud, bribery or other corrupt or criminal act in connection with any federal, state or local housing and assistance programs.
7. Not following procedures.
8. Un-permitted structures that are not eligible improvements and will not be addressed as part of the project.

9. Lack of maintenance of previously program funded improvements.
10. If applicant participated in the Program in the past, cannot reapply within seven years after the case close date for the grant and or loan program.
11. If any member of the family engage in or threaten abusive or violent behavior toward City staff.
12. If any member refuses to sign or submit any forms.

Q. Termination Procedures

1. Notify applicant in writing
2. Informal hearing meeting with Economic Development Director
3. If applicant wishes to appeal the termination, the case will be submitted to the Loan Committee for further review and final decision.

R. Additional Funds

Loans - Due to unforeseen expenses during construction, which exceed the allocated contingency fund, it may be necessary to lend additional monies to complete the project. This is possible as long as the additional funds will not cause the loan to exceed the maximum loan amount, and the maximum LTV. The homeowner must execute a new Deed of Trust and Promissory Note prior to receiving additional funds.

Grants- Any funds that will not be covered by the program and will be the homeowner's responsibility, must be paid directly to the contractor in a form of a cashier's check or money order made out to the contractor. The proof of payment is to be submitted to the City at the completion of the project.

S. Death of Applicant

1. If applicant passes away during the process of the application and no other persons are on title and no work has started, assistance will be terminated
2. If other person(s) are on title and reside in the property, assistance will continue so long as household remains income eligible.
3. Additional title holders that do not reside in the property and property is not occupied, assistance will be terminated.

4. If work has started and applicant passes away and no one else is on title or resides at the property:
 - a. Continue with assistance, Executor to repay the program from trust
 - b. Continue with assistance, Establish a repayment plan
5. If work has started and other person(s) are on title, but do not reside in the property:
 - a. Continue with assistance, property to be occupied by additional title holder as specified in the agreement and will be considered owner occupied.
 - b. Continue with assistance, if the property is not owner occupied, assistance is to be repaid based on repayment plan.

T. Repayment

1. Loans and grants paid in full if property is not maintained.
2. All loans must be repaid according to terms.
3. All loans are subject to the following acceleration clause:
 The City loan plus all accrued interest becomes due and immediately payable if any of the following occurs:
 - a. Sale or transfer of the property, including, lease, exchange or other disposition of the property, whether voluntary or involuntary.
 - b. The refinancing of existing first deed of trust for a loan amount in excess of the then current loan balance. Refer to Subordination Requirements.
 - c. When the borrower is in default of any other obligation under the Loan Agreement.
 - d. When the borrower no longer occupies the property as principal residence.
 - e. Death of borrower. The loan is due and payable within three (3) months of the date of death.
 - f. Lack of maintenance on property.
4. No periodic payments are required.
5. Payments can be made to loan servicing firm contracted by the City or made payable to: The City of
 Bellflower
 16600 Civic Center Drive
 Bellflower, CA 90706
6. The City will be the receiver of loan payments and must maintain a financial record-keeping system to record payments and file statements on payment status. Payments must be deposited and accounted for in the City's appropriate Program Income Account, as required by HUD. The City will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the

property. The City may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

U. Assumption

Loans are not assumable, in whole or in part. In the event that a homeowner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable. Original borrowers can be deleted from title, but no additional persons can be added.

V. Subordination

A subordination request may be approved, at the City's sole discretion, only if it meets the following terms and conditions:

1. Property to become part of a Trust under original borrower(s).
2. Refinancing
 - a. The new loan must reduce the overall housing expenses.
 - b. No cash-out is permitted, which means that new loan proceeds must be used only to pay off the existing senior debt and reasonable closing costs. Cash out for debt consolidation, vacations, etc. is not allowed.
 - c. The total LTV ratio cannot exceed 80% of property-appraised value.
 - d. The new loan must have a lower fixed interest from current.
 - e. The new loan shall include an impound account for property taxes and insurance.
 - f. The new loan must be amortized over at least 15 years.
 - g. The City loan's position must not be diminished from its original position, for example, if the City loan is a second trust deed, the City will not subordinate to a third position.
 - h. No lender prepayment penalties are allowed.
 - i. A complete subordination package must be submitted to the City for review of compliance, and recommendation. The subordination package must include:
 - i. Letter of explanation for the subordination request
 - ii. Copy of new loan application (1003)
 - iii. Copy of new lender approval
 - iv. Copy of underwriting and transmittal summary (1008)
 - v. Copy of certified escrow instructions
 - vi. Copy of estimated closing statement (estimated HUD-1)
 - vii. Copy of preliminary title report
 - viii. Copy of current property appraisal (no older than 6 months)
 - ix. Copy of most recent mortgage statement

W. Monitoring

Continued residency will be monitored each year for the term of the loan. For loans the homeowner must submit an annual certification that the property continues to be their principal place of residence, and attach appropriate verification of residency, such as utility bill and insurance renewal that evidences owner-occupancy.

Part III – PROCESSING PROCEDURES

A. Application Process

During the application process the Economic Development staff must:

1. Certify income eligibility.
2. Verify property ownership.
3. Verify property is in the City of Bellflower.
4. Verify that property is owner-occupied.
5. Verify that mortgage, property taxes, and insurance are paid up-to-date.
6. Re-calculate the LTV.
7. Verify the type of mortgage is held in first positions.
8. Create a file for each application, organized in the order provided in the File Checklist form. The file must be properly labeled.
9. Log application database.

All forms must be fully completed and signed accordingly. All supporting documentation must be current (no older than 3 months). The following is a list of the required supporting documentation:

1. Verification of dependent children living at home.
2. Proof of full-time student status for dependents 18+ of age.
3. Complete bank statements for the last two(2) months
4. Asset/investment statements for the last two months.
5. Complete federal and state income tax returns (including W-2's, 1099's etc). For loans and self employed the most recent 2 years.
6. If self employed, most recent certified quarterly financial report.
7. Documentation evidencing eligibility of other program requirements, such as ownership, occupancy, and property location.
8. EDD Notice for adult household members who do not receive income.
9. When available, a copy of current appraisal report (dated within 3 months).

Refer to Appendix D for Processing Forms.

B. Application Intake

The purpose of the intake is to establish eligibility of the applicant. The Economic Development staff or assigned staff member conducts the intake. The intake is completed by the applicant submitting a complete application with supporting documentation. Non-complete applications will be returned to applicant with list of necessary items to process application.

It is crucial for the Economic Development staff to estimate household income, LTV, the property preliminary after rehabilitation value, and the types of encumbrances on the property to determine eligibility. The income and LTV analysis completed during the intake process is not verified until further documentation is obtained to validate. Calculations are based on the review of proper documentation. LTV only applies to loans.

C. Verification of Property Ownership and Status

In addition to income documentation, the Community Development Staff must obtain supporting documentation to determine eligibility for other program requirements.

Eligibility Requirement	Must verify with at least one of the following:
<p>Verification of ownership: The property must be owned by the applicants</p>	<ul style="list-style-type: none"> • Copy of grant deed or, quitclaim deed, • Title report or insurance issued within the last year, which verifies the vesting to be the applicants' name(s)
<p>Verification that property is owner-occupied: The property must be the owner's principal place of residence.</p>	<ul style="list-style-type: none"> • Copy of current property tax bill that shows homeowner's exemption and the subject property as the mailing address
<p>Verification that mortgage payment is current. Assistance cannot be provided if payment is not current.</p>	<ul style="list-style-type: none"> • Copy of most recent mortgage statement that shows payment is current • Mortgage history printout
<p>Verification of type of first mortgage. No reverse mortgages, negative amortizations for loans. Reverse mortgages, negative amortizations are acceptable for grants only.</p>	<ul style="list-style-type: none"> • Copy of most current mortgage statement • Copy of note specifying terms of repayment and interest rate
<p>Verification that property taxes are up-to-date. Assistance cannot be provided if taxes are not current.</p>	<ul style="list-style-type: none"> • Printout from the Los Angeles County Tax Collector's website that shows the tax as current. Website at http://ttax.co.la.ca.us/ • Receipt of payment (if payment has been recently made and website has not been updated) • Copy of payment arrangements from tax collector for delinquent tax

Verification that insurance is up-to-date.	Copy of current evidence of insurance or policy. It must show the expiration date, or specify that it is continuous
Verification of Loan-to-Value (LTV) (loan program)	<ul style="list-style-type: none"> • Copy of most current mortgage statement(s) • Copy of note(s) specifying loan amount

Property encumbrances: The Economic Development Staff must verify the types of loans of the existing debt. Fixed rate loans are preferred. However, variable rates, and interest-only loans are acceptable. Properties with reverse mortgages, and negatively amortized loans are not eligible for loans, but are acceptable for grants.

D. Income Calculation

The Program utilizes the annual income definition as defined in 24 CFR 5.609 (Part 5 annual income) to determine household income eligibility. Households must have income at or below 80% AMI, adjusted for family size, to be eligible for the program. The latest published income limits provided by HUD will be used.

During the Intake, the Economic Development Staff must calculate household income earnings of all adult household members based on the requirements as defined in Part 5 Annual Income for the HOME Program. The preliminary income calculation must include income derived from:

- a. Employment (wages, salary, overtime, tips, bonuses, etc)
- b. Self-employment / Business income
- c. Social security benefits
- d. Child and/or family support, alimony
- e. Rents
- f. Public assistance
- g. Income from assets or investment (interest, dividends, royalties, annuities, etc.)
- h. Pensions
- i. Unemployment, disability, or worker’s compensation
- j. Union benefits
- k. Other sources of income not specified above

Income may be certified based on information obtained from third party verifications and the review of documents provided at the time of application. The income certification is valid for a period of six months (validation period). It will not be required to re-certify income unless six months have lapsed from the time of certification and no expenditures have been incurred for the project. Funds must be expended or committed to project prior to the expiration of the validation period.

The Economic Development Staff is responsible for obtaining all the required income documentation for all the sources of income. The sources of income can be determined by:

1. The Income, Asset and Employment Disclosure portion of the application.
2. Tax returns, may sometimes reveal relevant income sources, such as interest income, capital gains, dividends, etc., which may not have been disclosed in the loan forms that may require additional documentation.

Eligibility can be established by examining documentation on the different sources of income for the household. Applicants must supply at least 2 months of source documentation (e.g., wage statements, interest statements, or unemployment compensation). The following is a list of income sources, and examples of acceptable documentation:

Type of Income	Documentation Source - not older than 3 months
Gross employment income: <ul style="list-style-type: none"> • Wages • Salary • Overtime • Tips • Commissions • Bonuses 	<ul style="list-style-type: none"> • Employment verification from employer • Paycheck stubs (copies of the most recent 2 months of paycheck stubs) • Certified copies of tax returns and W-2's if within the first quarter of the new calendar year, requires a signed 4506 form • Copy of employment contract, which must specify the earnings amount and expiration date
Net self-employment or business income	<ul style="list-style-type: none"> • Certified copies of tax returns, with signed 4506 form for the previous 2 years (including all attachments, specifically Schedule "C") • Audited financial statement • Latest quarterly financial statement
Social security benefits <ul style="list-style-type: none"> • Including SSI payments • Including anticipated Cost of Living Adjustments (COLAs) 	<ul style="list-style-type: none"> • Written verification from the Social Security Administration • Copy of award letter stipulating the benefit amount • Copy of bank statement verifying the direct deposit of the benefit amount
Periodic determinable allowances: <ul style="list-style-type: none"> • Child support • Alimony 	<ul style="list-style-type: none"> • Copy of court decree that establishes amount of support • 2 months of statements from State office that verifies the amount of support • Affidavit of support with supporting documents (subject to proof that the foregoing methods of documents are not available). • If absent parent is incarcerated, provide proof of incarceration
Regular contributions received from organizations or persons not residing in the dwelling	<ul style="list-style-type: none"> • Notarized affidavit of support and amount shown on bank deposits.

Net rental income	<ul style="list-style-type: none"> • Tax returns, including schedule “E” • Copies of rental agreements/leases, along with a breakdown of monthly expenses to determine net income including mortgage statement • Copies of most recent rent checks, along with a breakdown of monthly expenses to determine net income
Welfare assistance: <ul style="list-style-type: none"> • Payments under CALWorks • Welfare or General relief 	<ul style="list-style-type: none"> • Benefit award letter specifying the amount of the cash aid and/or food stamps • Verification from case worker stating the benefit amount • Copy of checks
Income from assets: <ul style="list-style-type: none"> • Savings account(s) • Checking account(s) • Investments 	<ul style="list-style-type: none"> • Bank statements showing the last 3 months of interest • Savings passbook • Verification of deposit • Most recent income tax returns showing the interest earned • Investment statements showing the dividends earned and/or anticipated earnings
Gross amount of payments in lieu of earnings: <ul style="list-style-type: none"> • Unemployment • Disability compensation • Worker’s compensation 	<ul style="list-style-type: none"> • Benefit award letter showing monthly benefit • Copy of checks (2 months)
Gross amount of periodic payment: <ul style="list-style-type: none"> • Annuities • Pensions/Retirement • Disability benefits • Death benefits 	<ul style="list-style-type: none"> • Statement of benefits • Benefit award letter • Verification from awarding agency/entity
Other sources of income: <ul style="list-style-type: none"> • Union benefits • Adoption Assistance • Other income not specified above 	<ul style="list-style-type: none"> • Statement of benefit award that evidences benefit amount • Documentation to support declaration of other income • Check stubs (2 months)
No income:	<ul style="list-style-type: none"> • EDD Notice of Benefits • Verification of previous employment • Verification from IRS • Statement of Non-Earnings form
No tax returns:	<ul style="list-style-type: none"> • Verification from IRS that no taxes were filed.

Assets of an Absent Spouse will be taken into consideration. The value to be determined.

Third Party Verifications may be required. The City contracts with Amerinational and all loans are serviced by Amerinational. If Amerinational recommends verification of income and or assets the Economic Development Staff will attach the Confidential Information Disclosure Authorization to the verification form, which authorizes the third-party to release the information requested. Third-party written verifications may be in the form of original forms, facsimile copies, e-mail, or Internet. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file, which specifies the contact person, information conveyed, and date of call. In all cases, the Economic Development Staff must make sure that the person verifying the information is a valid source. Fees associated with third-party verifications are paid by the City, but may be reimbursed through activity delivery costs.

E. Income Exclusions

The list of sources of income that should not be included in the income calculation is specified in 24 CFR Part 5 provided in Appendix E.

F. Assessing Information and Computing Income

The Economic Development Staff must calculate the household income based on the documentation obtained, and complete an Anticipated Income Determination form for each household.

1. When assessing the documentation, It is important to determine:
 - a. The basis on which employees are paid, such as hourly, weekly, monthly, with or without overtime, etc.
 - b. In the case of overtime, it is crucial to determine whether the overtime is irregular or a predictable part of the person’s income.
 - c. If the household member will continue to earn overtime pay on a regular basis, then the Community Development Staff must calculate the average amount of overtime pay earned over the period used to calculate income eligibility, and the average amount of overtime earnings must be included in the income projection for the household.
 - d. If overtime work is not constant, and will not be constant in the next 12 months, the Community Development Staff must request detailed overtime information from the employer in the Verification of Employment, and use the information supplied by the employer to determine how overtime is to be calculated.

Formulas used to determine annual income:

Frequency	Formula
Weekly	Multiply gross income by 52 weeks
Biweekly	Multiply gross income by 26 weeks
Twice-a-month	Multiply gross income by 24 weeks
Monthly	Multiply gross income by 12 months

Refer to the Technical Guide for Determining Income and Allowances for the HOME Program for household members who have variations in pay.

If the Economic Development staff has verification that the household member has been employed by the same employer from the beginning of the calendar year, then the

monthly income can be calculated by dividing the year-to-date (YTD) annual earnings by the number of paychecks received. For example if the paycheck stub indicates that the individual is paid bi-weekly and the pay date was June 28, 2016, and the YTD is \$18,500, then you divide \$18,500 by 13 paychecks, and annualize the calculated monthly earnings by multiplying the result by 26.

$$\begin{aligned} \$18,500 \div 13 &= \$1,423.08 \text{ per pay period} \\ \$1,423.08 \times 26 &= \$37,000.08 \text{ per year} \end{aligned}$$

The above method will only work if staff has verified that the household member has worked for that same employer since the beginning of the calendar year, and if the paycheck stub reflects the year-to-date earnings that include all overtime, bonuses, etc.

G. Special Circumstances

If income cannot be calculated by using the documentation described above, then the income calculation must be handled on a case-by-case basis, as appropriate for the situation. For example: If the income is derived from the sale of recyclable materials, it will be necessary to provide enough documentation (i.e. sales receipts) to reasonably determine annual income. The documentation must be in a form acceptable to the Program staff. Self-certifications of income are not allowed.

Income shall be re-examined for eligibility if more than six (6) months have lapsed between the date the family was last qualified as income eligible and the first expenditure.

H. Household Size

Since income limits are adjusted by household size, it is crucial to accurately determine the size of the applicant's household.

For income purposes all household members' income is to be counted regardless of relationship. This includes tenants, borders, permanent live-in caretakers, and non-eligible occupants. Foster children are not to be included as part of the total household members when determining the eligibility for the addition of bedrooms and bathrooms.

Undocumented (i.e. illegal residents) household members are not counted in determining household size unless they can provide a valid foreign government issued ID with sufficient proof of address.

A child who is subject to shared-custody may be counted as part of the household if the child resides with the household at least 50% of the time. Economic Development Staff must obtain verification of dependent children living at home, such as copy of birth certificate, court order awarding child custody, school records, or other documentation that will verify the dependent of part of the household.

Unborn children are not considered part of the household.

The Economic Development Staff must review the “breakdown of household members” portion of the application, which is where the borrower discloses all the members of the household. The Economic Development Staff must also look for “red flags” that indicate discrepancies in the household size disclosed by the applicant. For example, if the applicant claims that he has 3 dependent children, but the tax returns only show 2 children. In this case, the Economic Development Staff must obtain more information and additional documentation to support the 3rd dependent child, such as a copy of the birth certificate for a newborn, a court order that grants custody of the child, or school records for the additional dependent.

For household members of 18 years of age and older who are full-time students, the Economic Development Staff must obtain verification of full-time student status, such as school records, registration, or other documentation that will evidence student status.

Verification of Dependents	<ul style="list-style-type: none"> • Copy of birth certificate(s) • Copy of school records • Court order warding custody • Adoption documents • Proof of full-time student status for dependents 18+ years of age
-----------------------------------	--

I. Comparing Household Income to Income Limits

Once the household size and anticipated household income has been determined, the information must be compared to the Income Limits issued by HUD to verify eligibility. The Economic Development Staff must make sure to use the most recent income limits chart. Refer to chart at <http://www.huduser.org/portal/datasets/il/il09/index.html>.

Households must have incomes at or below 80% AMI, adjusted for family size, to be eligible for the Program.

J. Title Report

Amerinational will order a title investigation report through a Policy of Insurance of Record Title (PIRT) for loans. This report must be ordered on each loan application within five (5) business days from the time eligibility has been established. The PIRT will identify all deeds, liens, covenants, and other documents recorded against the subject property. The report is ordered by Amerinational.

K. Credit Reports

All occupants 18 and older are to complete the Authorization for Release of Information form. Credit reports will be ordered for all adult members of the household. Upon receipt of credit reports they are to be reviewed to insure they coincide with reported income.

L. Lead-based Paint Assessment

Order lead testing assessment (when applicable) to comply with HUD’s Lead Safe Housing Rule, a certified Environmental Company must perform a lead inspection to test surfaces to be disturbed during rehabilitation activities on properties built prior to 1978. A post lead clearance is also required. Refer to Appendix C: Lead- Based Paint Hazard Reduction Requirements.

M. Preliminary Loan to Value (LTV)

The Economic Development Staff must verify the LTV, in order to remain in compliance of maximum LTV requirements. The LTV is calculated by adding all of the indebtedness against the subject property, and the proposed Program loan. The total is then divided by the estimated value of the property. Total LTV not to exceed 80%.

Example/Scenario of LTV calculation:

\$125,000	1 st mortgage
\$ 35,000	Proposed Program loan

\$155,000	Total indebtedness
\$425,000	Estimated property value
\$155,000 ÷ \$425,000 = 36%	

N. Preliminary After Rehabilitation Value

The U.S. Department of Housing and Urban Development (HUD) requires documentation of the after-rehabilitation value (ARV) to show such housing is within Section 203(b) program limits.

In accordance with 24 CFR 92.254(b), housing currently owned by a family (i.e., owner- occupied housing) only qualifies as affordable housing under the HOME Program if the estimated value of the property, after rehabilitation, does not exceed 95 percent of the median purchase price for the area (as established by HUD). The City must maintain files showing how ARV was determined and found to be within the applicable program limits. Property value must be determined prior to the provision of HOME Program assistance. The value will be established by appraisals prepared by a licensed fee appraiser. Project files must document the post rehabilitation appraised value and clearly indicate it in the appraisal report. This requires the City to provide the appraiser the written work write-up that includes the proposed rehabilitation for the subject property. An estimate of value also reflects the value of a standard property; this corresponds to the estimated post-rehabilitation value of the subject property, based on the proposed rehabilitation. The form called 95% Property Value Limit, included in Appendix D, must be completed for each project.

O. Application – Follow-up

As needed, request all required third party verifications, such as verifications of mortgage, employment, benefits, or deposit.

Upon receipt and review of documentation (income, property information, credit report) the Economic Development Staff will notify the applicants of their eligibility or request additional documents for clarification. The homeowner will be notified in writing of the additional documentation and will be given (30) days to submit.

If the homeowner does not respond within the (30) calendar day deadline specified in the correspondence, the Economic Development Staff will cancel the file. If the file is canceled, the homeowner will not be eligible to re-apply for the program until a year from the closing of the file.

The City will only permit a file to be re-instated due to illness, hospitalization or death in the immediate family

Request for the re-instatement has to be done in writing within 30 calendar days of the cancellation of the file.

The Economic Development Staff must keep a calendar or “tickler file” for timely follow-up after the initial intake.

P. Denial of Application

If during the application intake the Economic Development Staff determines that the applicant does not qualify for the Program, a denial letter must be mailed, indicating the reason for denial. The applicant will be given a 30-day period to appeal the denial.

Q. Approval of Application

After the applicant’s eligibility is established, the Economic Development Staff will notify applicant in writing of their eligibility for the program and indicate the assistance to be provided.

R. Initial Property Inspection

Program staff will schedule an initial property inspection with the property owner. The initial inspection will allow the property to be evaluated and determine which repair items will be addressed. In addition, after the inspection a determination will be made as to whether or not lead-based paint stabilization or abatement will be required. Refer to Appendix F – Pre Rehab Inspection Form. To facilitate the inspection the following steps should be taken:

1. Coordinate inspection with Building and Safety Inspector (if necessary).
2. In conducting the inspection, schedule a time with the property owner to conduct the formal property inspection. At the time of the inspection, the Community Development Staff should:
 - a. Review the property
 - b. Obtain a list of general property improvements desired by the homeowner

- c. Check the dwelling for structural deficiencies. Physically walk through the dwelling identifying every substandard feature that may be observed and note all improvements necessary to bring the dwelling up to Code. (Un-permitted structures that do not meet program guidelines must be permitted before assistance can continue).
 - d. Inform the homeowner of deficiencies identified
 - e. Obtain homeowner preferences regarding options for correcting deficiencies.
 - f. Take thorough pre-construction photos of each area in which rehabilitation or repairs will occur. Additionally, if necessary for historical purposes, take photos of the subject property, property to the right and left and across the street.
3. When reviewing inspection notes the Economic Development Staff shall take into account the following:
- a. Overcrowded conditions. If it's determined that overcrowded conditions exists and there is a request for the construction of an additional bedroom/bathroom an explanation will be included in the file. Such report shall include the number of occupants in household, the age and gender of occupants in household, the age and gender of occupants in household, and the existing number of size of sleeping quarters.
 - b. Rehabilitation Feasibility. Economic Development Staff shall make a determination on the rehabilitation feasibility of the property with the following factors taken into account:
 - i. Location of structure
 - ii. Excessive rehabilitation costs
 - iii. Type of improvements
 - iv. Type of structure
 - v. Condition of structure
 - vi. Homeowner's needs
4. Order termite inspection reports for all loans. Economic Development Staff must fax the request to at least three (3) qualified termite companies and keep the fax confirmation in the loan master file.
5. If the property has been inspected and treated for termites within the last 12 months, a new termite report is not required. In which case, the Economic Development Staff must request a copy of the Notice of Work Completed from the homeowners.
6. Copies of Lead report/assessment and termite report must be provided to the homeowner. The Economic Development Staff must also take into consideration the reports when preparing the work write-up.

S. Historic Preservation

Historic preservation requirements apply to properties that are 50 years old or older. Historic properties are residential properties listed in or eligible to be listed in the National Register of Historic Places, state or local inventory of historic places, designated as a historic landmark, or designated as contributing to a historic district by local law or ordinance. Refer to Appendix G – Historic Preservation Forms. The Economic Development Staff must determine if the property is subject to historic preservation requirements, as follows:

1. Verify the age of the property with a property profile. If the property is not 50 years old or older, then no further historic process is required.
2. If the subject property is 50 years old or older and the rehabilitation work will involve exterior work, the Economic Development Staff must submit a Historic Eligibility Determination to State Historic Preservation Office (SHPO) via regular mail. This consultation with SHPO is only for projects that will include exterior work. SHPO clearance is not needed for projects that will only address interior rehabilitation, or for properties that are not 50 years old or older. The consultation letter must include:
 - a. Photographs of the property as required by the State.
 - b. A list of the proposed rehabilitation.
 - c. Relevant information regarding the historic significance of the property.

SHPO must respond within 30 days. If no response is received, then rehabilitation work may proceed.
3. Complete of Historic and Architectural Assessment Form.
 - a. If the proposed rehabilitation involves only interior work or if the subject property is less than 50 years old, only Part A of the Historic and Architectural Assessment Form is necessary.
 - b. If the proposed rehabilitation involves exterior work to a property that is 50 years old or older, verify that proper consultation was submitted to SHPO. If no response is received from SHPO within 30 days, then project is able to proceed.
 - c. Complete Part B of the Historic and Architectural Assessment Form for projects that involve exterior rehabilitation of properties 50 years old and older.

T. Environmental Requirements

An Environmental Assessment to be completed for all properties. The Economic Development Staff must complete the Environmental Finding Report during the property inspection; it must be signed by the Economic Development Staff and the Economic Development Director or its designee.

U. Relocation

If the project will prevent the homeowner from accessing heat, bathroom facilities or the kitchen, then the homeowner may request relocation assistance. The City will provide \$500 to the homeowner to cover the cost of temporary living arrangements.

V. Work Write-up

The Economic Development Staff must prepare the Work Write-up, which is the set of instructions specifying the proposed rehabilitation work, and will also serve as part of the contract. The Work Write-Up must describe and address any code violations, health and safety deficiencies, and lead hazards in a manner that is sufficiently detailed to serve as the basis for obtaining bids from contractors. Work Write-Up must include the following:

1. Scope of Work, which must conform with:

- a. Program requirements, such as lead hazard reduction, correction of health and safety deficiencies and of code violations and incipient code violations, work that improves energy efficiency, and other eligible general property rehabilitation.
 - b. Planning, Building and Engineering Department requirements.
2. The type of materials that are allowed under the Program. No luxury upgrades are allowed. Deteriorated materials and components must be replaced with like materials. The write-up must include adjective strings to describe materials, such as “Single hung, dual glazed, vinyl windows.”
 3. Quantity, for example the number of windows, doors, etc.
 4. Location of where the rehabilitation/rehabilitation will occur, as in the bedroom, kitchen, etc.
 5. Construction method and specific instructions of the proposed work, which uses action verbs strings to describe the method, such as “powerwash, prep and repair stucco surfaces”.
 6. Special conditions, requirements, and/or installation method, as when working with lead containment areas, termite infestation, etc.
 7. Performance standards, such as durability and warranties.
 8. General provisions, which define rules that apply to all write-ups, such as definitions, process, etc.
 9. Plans (when applicable).
 10. No cross-outs or white out are allowed for deletion or changes of line items. An amended work write-up must be printed out, reflecting any changes made, along with the date of amendment prior to sending out to contractors for bidding.
 11. The work write-up must be saved in the project master file.

W. Cost Analysis

The cost analysis shall be developed using cost estimating software or reliable cost data obtained from websites such as <http://www.homewyse.com/>

X. Bid Process

For the Grant program the homeowner must actively participate in the bid process by obtaining a minimum of three (3) bids from qualified contractors. If the applicant is unable to obtain three bids the file will be documented with an explanation. If a specialized contractor is selected, two (2) bids will be required for each approved item as noted on the *Authorization to Proceed* letter. Under the grant program the homeowner must select the lowest responsible bid or one within 10% of the lowest responsible bid or pay the difference between the selected bid and the lowest bid.

It is the responsibility of the homeowner to obtain bids and select the contractor; the Economic Development Staff will assist in the bid process by providing work write ups to applicants to obtain bids from qualified general contractors.

The City requires a selection of at least three (3) contractors, but this requirement may be waived and the file must be documented if the applicant is unable to secure at least three bids. All the bid packages must be

identical, and include the following:

1. Work write-up, excluding any estimates of cost. The staff estimate must never be included in the bid package.
2. Copy of the lead and termite report, when applicable.
3. Lead-based paint inspection work write-up and report (when applicable)
4. Engineering report (when applicable)
5. Plans, or drawings, when applicable.
6. General provisions and technical standards specifications.
7. Any other pertinent documentation, such as Planning, Building and Engineering requirements.

Y. Bid Requirements for the Loan Programs

1. Only lead certified contractors can bid on lead hazard reduction related work.
2. A minimum of 3 bids are required, however the City has the option to allow 2 bids after the project has gone out to bid two (2) times.
3. A maximum of 20% for contractor overhead and profit is allowed.
4. Bidding contractors must attach any addendums to the work write-up to address all health and safety, or code violation deficiencies not addressed in the work write-up.
5. The homeowner must submit name, address and state contractor license number for selected contractor.
6. Upon the bid deadline, the Economic Development Staff must review all bids received, as follows:
 - a. Verify the math / totals.
 - b. Prepare a Bid Comparison Sheet.

- c. Compare bids to staff estimate to ensure that the proposed costs are reasonable and within 10% of initial Staff estimate.
 - d. Schedule an appointment to jointly review the bids with the homeowner.
 - e. Provide copies of all the bids to homeowner.
7. The homeowner must review the bids and select a contractor within ten (10) business days from the date the Economic Development Staff receives at least three (3) copies of the bids. The homeowner is encouraged, but not required, to accept the lowest reasonable bid, but must provide an explanation if the lowest reasonable bid is not selected. The selected bid must be within 10% of the lowest reasonable bid or the homeowner must pay the difference out of pocket.
8. If the homeowner does not wish to select any of the bidding contractors, the option to obtain additional bids on their own must be made available. The City will allow up to an additional fifteen (15) business days for this process. Proper follow-up from the Economic Development Staff is required.
9. If the selected bid exceeds the staff cost analysis, staff will assess the cost analysis in comparison with submitted bids to determine whether actual market cost is higher and will require adjustment of cost analysis.

AA. Contractor Qualifications

Only general contractors and qualified licensed trades who meet the following Program requirements are eligible to enter into Program rehabilitation contracts.

1. State of California Contractor's License in good standing.
2. Current contractor's licensing bond (\$12,500 minimum).
3. Current liability insurance (\$1,000,000 minimum coverage).
4. Current worker's compensation insurance as verified through the California Contractor's State License Board (CSLB) website <http://www.cslb.ca.gov/>. Exempt status and/or copies of insurance certificates will not be accepted.
5. Contractor must not be debarred from HUD or from the State of California. Check the list of federally debarred contractors at <https://www.sam.gov/portal/SAM/##11>
6. For lead contractors:
 - a. Current State of California Department of Health Services Lead-Related Construction Certifications for all workers and managers
 - b. Liability and workers compensation insurance for lead-related work
 - c. Current injury and illness prevention program plan.
7. Contractor qualifications must be checked, either annually or when a rehabilitation contract is awarded, to ensure compliance of licensing and insurance requirements.

Applications from local contractors (including women and minority contractors) are encouraged.

1. For lead contractors:
 - a. Copy of current State of California Department of Health Services Lead-Related Construction Certifications for all workers and managers.
 - b. Liability and workers compensation insurance must cover lead-related work.
 - c. Copy of medical reports and fit test respirator for all lead-certified workers and managers.
 - d. Copy of the company's current site-specific injury and illness prevention program (IIPP) plan.

BB. Verification of Contractor Qualifications

City staff must review the contractor application and verify pertinent information, as follows:

1. Verify licensing information through the Contractor State License Board website at <http://www.cslb.ca.gov/consumers>. A printout is required for the contractor master file.
2. Verify that contractor has not been debarred by HUD or the State of California by accessing the following websites:
 - a. <https://www.sam.gov/portal/public/SAM/> for HUD debarments. A printout is required for the file.
 - b. <http://www.dir.ca.gov/dlse/debar.html> for California debarments. A printout is required for the contractor master file.

CC. Contractor Selection

The homeowner is responsible for selecting a contractor for the project. The City's involvement in the contractor selection process is merely to provide guidance to the homeowner, and answer pertinent questions. The City does not select the contractor on behalf of the homeowner. The lowest cost, most responsible contractor bidder will be selected to perform the construction provided that the bidder meets all requirements. Homeowner can select the lowest bidder or any bidder that is within 10 percent of the lowest bidder. If desired bidder's price is greater than 10 percent of the lowest bidder, the homeowner can either pay the difference (from the lowest bid) or negotiate with the bidder to reach the 10 percent requirement.

Once the homeowner has selected the contractor, the Economic Development Staff must:

1. Have the homeowner sign the Selection of Contractor Statement, which indicates the specific contractor that was selected.
2. Verify that all contractor documentation is in file and current.
3. Notify the selected contractor, in writing, which must include a copy of the updated work- write-up, when applicable.
4. As a courtesy, notify all other bidders of the decision.
5. The homeowner with the approval of the Economic Development Staff will select the lowest responsible bid/estimate. The homeowner may obtain a thirty (30) day extension provided an effort is being put forward to continue the process of the program.

Part IV – FINAL EVALUATION AND APPROVAL PROCEDURES

A. Final Loan Evaluation and Approval

Within five(5) business days from the contractor selection, the Economic Development Staff must conduct a final evaluation of the file to ensure compliance of all Program requirements. This final evaluation includes a review of the following:

1. Review the Annual Income to verify calculations are accurate.
2. Compare the income calculation on the certification against the income limit chart to verify that household is within the maximum income.
3. Verify that historic and environmental requirements were met. Make sure that the Minor Rehabilitation Environmental Review form was completed using the historic and flood information obtained.
4. Verify that LBP requirements were met, and that the Lead Hazard Review Sheet was completed.
5. Review of property value:

Projects funded with HOME funds are subject to a maximum after rehabilitation property value. To ensure compliance of the value limit, the Economic Development Staff must review the appraisal to verify that the after-rehabilitation appraised value does not exceed the maximum value allowed. The after-rehabilitation value must include the value of the rehabilitation work to be completed.

6. Credit worthiness:

A credit report is not required to determine eligibility for the Program. However, it is important for the Economic Development Staff to verify that all senior liens on the subject property are paid current. The most recent mortgage statement or a verification of mortgage can be used to verify compliance. Verification of no late payments in the last twelve months is required.

7. Determine loan amount:

To determine the loan amount, the Economic Development Staff must review the selected bid. A payment breakdown form must be completed to reflect the different vendors to be paid through the loan and their corresponding loan proceeds. This payment breakdown form must include:

- a. Rehabilitation contractor and contract amount.
- b. If under separate contract, lead contractor and contract amount.
- c. Termite contractor and contract amount.
- d. Contingency in the amount of 10% of the rehabilitation contract amount, or a minimum of \$5,000. These funds are reserved to cover unforeseen costs that arise during completion of the rehabilitation work. The contingency amount may

be rounded up or down to the nearest hundred dollars for easier accounting, so it may be slightly under or above 5%. For example, for a rehabilitation project of \$48,700, the 10% contingency would be \$4,870. The total loan amount would be \$53,570. In this case, the Economic Development Staff may round up the contingency to \$4,900 (or 10.06% of the project amount), to make the loan amount \$53,600.

8. Determine Loan Type (Deferred or Amortized)
 - a. Very low income applicants (under 50% of median) regardless of indebtedness will be granted deferred loans or grants.
 - b. For all other applicants, an analysis will be done on the applicant's debt to income. All monthly debt payments will be considered in the calculation. The percentage of monthly debt, including the amortized loan payment, should be less than 38% of monthly income. If the debt to income exceeds 38% then some or the entire loan may be deferred
9. Recommendation for approval or denial:

Upon completion of the final evaluation, the Economic Development Staff must make a recommendation for loan action by completing the Loan Committee Action form. This form must reflect the information verified during the final evaluation, and the recommendation to approve or deny the loan application, and conditions of approval, when applicable.
10. File circulation for approval: Upon loan recommendation by the Economic Development Staff, the file must be forwarded to the Loan Committee for review and approval of the recommendation. Projects that exceed the standard loan amount of \$50,000 must be submitted to the Director, who has the authority to approve loans above the subsidy limit which includes soft cost minus activity delivery costs and grant funds.
11. Approvals are good for 30 days, and legal loan documents must be executed prior to the 30-day deadline. A time extension may be granted, on a case-by-case basis.
12. Denial: if eligibility is not established, the Economic Development Staff must submit the file to the Director for review and concurrence of reasons for denial. If in agreement with the recommendation to deny the loan, the Housing Manager must sign the Request for Approval form, and return it to the Economic Development Staff for proper filing.
13. Upon approval/denial, the file must be returned to the Economic Development Staff, who must send a notification via regular mail, within three (3) business days from approval / denial date.

Part V – FUNDING PROCEDURES

A. Loan Funding

1. Within three (3) business days from approval, the Economic Development Staff must request an updated PIRT to ensure that no additional liens or deeds have been recorded since the application was filed.
2. If the updated PIRT evidences that additional deeds or liens have been recorded against the subject property, the borrower must show proof that all applicable liens have been released, and any applicable deed has been reconveyed, so that the City's loan position is not compromised. Otherwise, special consideration is required to determine if project is still in compliance of Program requirements, such as the LTV. If not in compliance, then the approval must be revoked.
3. If the updated PIRT does not have any title concerns, such as additional deeds or liens, the Economic Development Staff must contact the homeowner to schedule the loan signing.
4. Once a date and time has been scheduled for the loan signing, the Economic Development Staff must prepare the legal loan documents, which include:
 - a. Truth in Lending Disclosure.
 - b. Deed of Trust, which serves as a security instrument and must be recorded. The vesting and legal description must be the same as shown on the PIRT. The signature line must match the vesting; signatures must be notarized.
 - c. Promissory Note, which serves as a security instrument. The signature line must match the vesting.
 - d. Request for notice – one for every senior deed. This document is executed by the Director, and must be notarized and recorded.
 - e. Notice of right to cancel (2 copies), which allows the homeowner to cancel the transaction within three (3) days without penalty.
5. Upon the expiration of the 3-day rescission period, the Economic Development Staff must forward the executed Deed of Trust to the City Clerk or to the loan servicing company to request recordation with the County Registrar Recorder. A copy of these documents must be kept in the file until the original recorded documents are received back from the County Recorder. The County Recorder mails the original recorded documents back to the City, usually within 30-90 days from recording.
6. The Economic Development Staff must prepare and submit the Disbursement form to the City's Finance Department for proper processing of account.
7. Other funding requirements include:
 - a. No cash to borrowers – NO EXCEPTIONS.
 - b. No tax and insurance reserves are collected.
 - c. Borrowers are required to provide verification that the City of Bellflower, Economic Development Department is named as a "Loss Payee" if the loan is in first position, or as "Additional Insured" if in second positions, on their hazard

insurance policy. Borrowers must insure their property for either the replacement costs of the structure or the total indebtedness against the property.

Refer to Appendix K for Funding Forms.

B. Grant Funding

1. The Economic Development Staff must prepare and submit the *Notice of Completion/Request for Grant, Contractor Clearance and Lead* forms for processing of final payment.
2. A one-time final disbursement to all payees will be processed. Once payment(s) has/have been processed the file is closed and no further invoices or receipts will be accepted.

The homeowner must wait a period of 60 months from the date funds are disbursed for the project before re-applying for the grant and rebate program or one (1) year for the loan program.

C. Additional Funds

If additional funds are needed to complete the project, additional funds may be provided if the project will continue to comply with LTV requirement and maximum loan amount. The homeowner must execute an amended Deed of Trust and Promissory Note that reflects the new loan amount, prior to receiving additional funds.

Part VI – CONSTRUCTION MANAGEMENT PROCEDURES

The Inspector is responsible for monitoring the construction activity of all projects.

A. Pre-Construction Conference

Prior to the start of the construction work and funding of the project, Economic Development Staff must conduct a pre-construction conference with the homeowner and the selected contractor(s). **The meeting must be held at the site.** The purpose of the pre-construction conference is to review the roles and responsibilities of each party, review the work write-up, rehabilitation process, start date, payment schedule, date of completion, and other terms and requirements stipulated in the Agreement for Rehabilitation. The homeowner and the contractor must address any questions and concerns regarding the work to be performed.

B. Agreement for Rehabilitation

For loans the homeowner and the selected contractor must execute an Agreement for Rehabilitation, which specifies the repairs and rehabilitation to be financed through the Program. The Agreement for Rehabilitation is a contract between the homeowner and the contractor. The City is not a party to the contract. The Agreement must include the following:

1. The Agreement for Rehabilitation.
2. The Work Write Up / Contractor Bid and any drawings / plans, including amendments.
3. Notices to Owner regarding State Contractors Law.

C. Notice to Proceed

Contractors are authorized to begin the home repairs when they receive a Notice to Proceed. Any work a contractor completes before receipt of a Notice to Proceed is ineligible for payment. Rehabilitation work is commenced ten (10) calendar days of authorization by Notice to Proceed.

For the Grant and rebate programs an *Authorization to Proceed* letter is mailed to homeowner allotting ninety (90) days to submit comparable bid/estimates for approved items and completion of the project. If there is no activity within ninety (90) days, file will be terminated without further notice.

D. Building Permits

Prior to the start of construction, the contractor must procure the appropriate building permits, as required. Work that requires building permits, but completed without the benefit of permits, will not be honored. The contractor must comply with permit requirements in order to receive payment for work completed.

E. Contractor Payment Schedule

1. Payment schedule: For loan contracts, contractors are eligible to receive up to progress payments. Only completed, inspected, and approved work, is eligible for payment. Payments are made for the amount of the satisfactorily completed work. Grants under \$3,000 will be paid in one (1) payment.
2. Payment Process: The contractor must call the Economic Development Staff for a progress inspection and request payment. The Economic Development Staff prepares Invoice/Request for Check.
3. Ninety percent (90%) of the contract amount is distributed to the contractor in the form of progress payments during construction. The standard payment schedule releases payments at 10% of completion, 40% of completion, 70% of completion, and 100% of completion. The payment schedule may vary on a case-by-case basis.
4. The final ten-percent (10%) of the contract amount is set aside as a retention payment. The 10% retention is released 30 days after the completion date indicated on the Notice of Completion, and the project has been thoroughly and satisfactorily completed. The contractor may request the release of the retained payment by following the same process used for progress payments, subject to the following:
 - a. Lien releases have been submitted by contractor, all subcontractors, materials suppliers, and laborers.
 - b. No liens or notice of intent to file a lien have been received by the homeowner or the City of Bellflower.
 - c. Copies of final permits and final inspection certificates from the Building Department have been submitted by the contractor.
 - d. Copies of all warranties and manufacturers' instructions have been provided to the owner.

The Economic Development Staff must verify the work completed to ensure compliance with the Agreement for Rehabilitation and Building requirements.

A copy of the payment request and check must be maintained in the master file.

5. Grant and rebate program does not allow for progress payments. However per the Contractors State License Board laws and regulations, a contractor may ask for monies to begin the project. Refer to www.cslb.ca.gov for further information. Homeowner is responsible for payment, but may be reimbursed under program.

F. Progress Inspections

The Community Development Inspector must monitor the work performed during field inspections conducted on a regular basis. The Economic Development Staff must visit the job site regularly in order to check the scope of work, inspect materials, and to confirm the job is on schedule and within budget.

The Economic Development Staff must review the work status with the homeowner and with the contractor in order to remedy any developing problems quickly and to ensure that both are satisfied with the construction process.

The Community Development Inspector must refer back to original work write-up, plans and specifications to verify the work was completed as contracted.

For the grant program a pre-work inspection is a required as well as a post work inspection at the completion of the project. The grant and rebate program does not require any progress inspections, but the Community Development Staff inspector may do so if necessary.

G. Lead Monitoring

If the project has lead paint hazards, the contractor must provide documentation of lead paint training for each person to be working on the project. Lead hazard worker certifications are not necessary if the project does not have lead paint (built after 1978 or tested negative for lead paint), or the project is cleared of lead hazards by a certified lead inspector, and the work to be performed will not create additional lead hazards.

H. Final Inspection

When the project is completed, the Community Development inspects the rehabilitation work item by item with the homeowner and the contractor. A “punch list” of any corrections or deficiencies must be prepared and issued to the contractor for correction.

I. Final Payment

In order to process the final payment, the contractor must submit to the City an invoice for the amount due and a final payment request signed by homeowner.

J. Notice of Completion

The final ten-percent (10%) retention payment is released 30 days after the recording of the Notice of Completion provided that no liens were filed.

K. Warranties

Contractors must comply with State law regarding all labor and material warranties. Contractors must warrant that all rehabilitation work meets the accepted standards of the trade and are free from defects. Contractor must warrant that any defects, which are found within twelve (12) months from the date of completion, must be repaired or replaced, at Contractors option and at no expense to Property Owner.

Contractor must provide to the homeowner commercially reasonable written warranties and guaranties from its subcontractors and suppliers to the extent that they are obtainable in the ordinary course of business. Contractor must give homeowner a reasonable opportunity to purchase any additional or extended warranties available for purchase from subcontractors or material suppliers.

L. Termite / Fumigation

The Economic Development Staff must coordinate termite fumigation with homeowner, Termite Company, and the general contractor (as necessary).

M. Change Orders

Written change orders are required when the homeowner requests any changes to the work write-up, such as eliminating an item completely, eliminating one item and substituting another, or adding items. The change orders must state the change and dollar value for the change. The change orders must be signed by both the contractor and the homeowner, and submitted to the City for approval. If the change orders exceed the approved financing, the homeowner must contribute funds toward the project, or request for additional funds through the Program, subject to availability, eligibility, and City approval. If additional loan funds are approved, the homeowner must execute an amended Promissory Note and Deed of Trust prior to receiving the additional funds. A grant may also be approved on a case by case basis for the funding of unforeseen necessary repairs.

N. Grievances Between Homeowner and Contractor

Any controversy arising out of or relating to Agreement for Rehabilitation, or the breach thereof, must be submitted to binding arbitration in accordance with the provisions of the California Arbitration Law, Code of Civil Procedure 1280 et seq., and the Rules of the American Arbitration Association. The arbitrator will have the final authority to order work performed, to order the payment from one party to another, and to order who must bear the costs of arbitration. Costs to initiate arbitration are to be paid by the party seeking arbitration. Notwithstanding, the party prevailing in any arbitration proceeding shall be entitled to recover from the other all attorney's fees and costs of arbitration.

O. Delays

A delay is a failure to meet the timetable allotted in the Construction Contract. The Economic Development Staff is responsible for detecting, monitoring and devising corrective action for delinquencies.

P. Termination of Agreement for Rehabilitation

The homeowner and the contractor have the right to terminate the Agreement for Rehabilitation upon a three (3) days' written notice. In the event of such termination, contractor is entitled to payment for all Work done through and including the effective date of such termination. Such termination is effective on the date such notice is personally served, or forty-eight (48) hours after deposit of same in the custody of the United States Postal Service, as reflected by the official U.S. postmark.

Q. Contractor Substitution

Upon a termination of Agreement between the homeowner and the contractor, the homeowner has the option to select another qualified contractor to complete the project. The substitution of contractor must be done once a settlement with the original contractor has been reached. The new contractor must meet all contractor requirements prior to taking over the project.

Part VII – LOAN SERVICING

The City has formulated these Loan Servicing Policies and Procedures to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

A. File Completion and Close-out

Upon release of the 10% retention payment, and receipt of the original recorded documents, the Economic Development Staff must close-out the project file, as follows:

1. Upon the filing of the Notice of Completion (through Amerinational), the Economic Development Staff must reconcile the project expenditures and make sure that the file contains copies of all check requests and checks issued.
2. Unspent funds must be credited back to the loan principal through Amerinational. The Economic Development Staff must prepare a request for loan principal reduction in the amount of the unspent funds, and mail a Principal Loan Balance Report to the homeowner, which reflects the amount credited back to the loan principal amount.
3. The Economic Development Staff to place Original Deed of Trust, Promissory Note, Contractors Contract and Request for Notice in legal file and stored in locked, fire proof cabinet.
4. Other completion forms included in the project file are:
 - a. Notice of Completion
 - b. Deed of Trust
 - c. Notice to Proceed
 - d. Itemization of amount financed
 - e. Promissory Note
 - f. Truth-in-Lending Disclosure statement
 - g. Contractors contract
 - h. Notice of Subordination
 - i. Fair Lending Notice
 - j. Notice of Right to Cancel
 - k. Request for Loan Principal Reduction and Principal Loan Balance Report
 - l. Loan Agreement
 - m. Agreement for Rehabilitation

A Project Information Sheet is to be included in all completed master files (Grants and Loans). This form includes the homeowner information, the assistance type and terms, project amount, types of repairs, and contractor information.

5. The Economic Development Staff must make sure that the master file contains photographs of the work completed (“After pictures”) to file along with the photographs taken during the initial inspection (“Before pictures”). The “before and after” pictures illustrate the accomplishments of the Program.

B. File Maintenance

The master files must be well-organized, with no loose documents/papers. The master file records must be maintained in a legal size folder, labeled by: last name, first name, property address, and file number. The file sections should be organized as follows:

1. Application and supporting documentation
2. Eligibility Evaluation and Approval
3. Contractor Selection
4. Legal Loan Documents
5. Funding and Construction Phase
6. Lead Compliance and File Close-out

C. Loan Repayments

The City will accept voluntary payments on loans. The borrower may repay the loan balance at any time with no penalty.

D. Payment of Property Taxes and Insurance

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the City as loss payee if loan is in first position, or additional insured if the loan is a junior lien. If borrower fails to maintain the necessary insurance, the City may take out forced place insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance. The City must verify the insurance on an annual basis.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance will be required at close of escrow. The City must verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. Wherever possible, the City encourages the homeowner to have impounded accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

In order to ensure compliance of requirements, the Economic Development Staff must conduct proper insurance follow-up through a calendar or tickler system.

E. Required Request for Notice of Default

When the Borrower's loan is in second position behind an existing first mortgage, the City must prepare and record a "Request for Notice of Default" for the senior lien in front of City's loan. This document requires the senior lien holder listed in the notice to notify the City of initiation of a foreclosure action. The City can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved.

F. Annual Occupancy Restrictions and Certifications

The borrower is required to submit an annual certification to affirm that they continue to occupy the property as a principal place of residence, along with documentation that verifies compliance of occupancy requirements such as a copy of a utility bill (except telephone bill), or property insurance that verifies owner-occupancy. The annual certification is required during the term of the loan.

G. Subordinations

When a borrower wishes to refinance the property, they must submit a subordination request to the City. The City will only subordinate their loan when there is no “cash out” as part of the refinance. Cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third party debt pay offs or additional encumbrance on the property above traditional refinance transaction costs. Furthermore, the refinance should lower the housing cost of the household with a lower fixed (impound account) interest rate and the total indebtedness on the property should not exceed 80% of the current market value.

Upon receiving the proper documentation, the Economic Development Staff must evaluate the subordination request to ensure compliance of the City’s subordination guidelines, which includes the review of the following:

1. Term and rate of the new loan. The new lender approval and 1008 should provide information on the type of financing of the transaction. No negative amortizations are allowed.
2. The escrow instructions should verify that no vesting change is occurring. The current vesting should be verified with the preliminary title report. It must be the same vesting as when the City loan was awarded.
3. The estimated HUD-1 should evidence that the homeowners are not paying excessive fees, and that no other debts are being paid.
4. The LTV must not exceed 80%. The current appraised value, the new loan amount, and the City’s loan balance must be used to calculate the proposed LTV.

Upon review of the subordination package, the Economic Development Staff must make a recommendation to approve or deny the request, and submit it to the Economic Development Director for final approval/denial.

If the subordination request is approved, the refinancing lender must prepare Agreement for Subordination, which must be executed by the Economic Development Director or his or her duly authorized designee. The signature must be notarized. The original executed Agreement for Subordination must be forwarded to the refinancing lender or the escrow company. A copy must be kept in the project legal file.

If the request for subordination is denied, a denial letter must be submitted to the lender or escrow company requesting the subordination. The letter must indicate the reasons for denial.

There are no fees to process a request for subordination.

H. Process for Loan Foreclosure

The loan is in default when the borrower does not comply with the terms of the loan, as stipulated in the Promissory Note and the Loan Agreement. Upon any condition of loan default, the City must send out a letter to the borrower notifying them of the default situation, and allowing them thirty (30) days to cure the default. If the default situation persists then the City may start a formal process of foreclosure.

1. When the City is first position as a senior lien holder, active collection efforts will begin on any loan that is in default. Attempts will be made to assist the homeowner in curing the default, within the 30-day period allowed. If default is not cured within the 30 days, the City may consider foreclosure. City staff must consider the following factors before initiating foreclosure:
2. Can the default be cured?
3. Can the Borrower refinance with a private lender and pay off the City?
4. Can the Borrower sell the property and pay off the City?
5. Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
6. Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the City may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the City, or the specific actions to be taken to prevent foreclosure.

At the end of thirty days, the City should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lien holders. The service will advise the City of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the City informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the City could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The City could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

I. Payoffs

Requests for payoffs must be submitted to the City in writing, either by fax or by mail. The request for payoff must have the borrower's authorization for the City to release information to

the third party. The City will not process a request for payoff without the proper borrower authorization.

The Economic Development Staff must obtain the payoff figures from Amerinational or the Finance Department, and verify the accuracy of the figures by reconciling information from the master file. Once the payoff figures are confirmed, then the payoff demand letter can be mailed or faxed to the requestor.

Once final payment has been received by the escrow company, a Substitution of Trustee and Full Reconveyance will be prepared, which must be executed by the Economic Development Director or its duly authorized designee. The signature must be notarized. The original executed Substitution of Trustee and Full Reconveyance must be forwarded to the escrow/title company for proper recordation with the L.A. County Registrar-Recorder Office. A copy must be kept in the project legal file.

J. Verifications of Mortgage (VOM)

Requests for VOM must be submitted to the City in writing, either by fax or by mail. The request for VOM must have the borrower's authorization for the City to release information to the third party. The City will not process a request for VOM without the proper borrower authorization.

Part VIII – GLOSSARY OF TERMS

Acceleration clause: A provision in a note or mortgage that gives the lender the right to demand payment of the entire outstanding balance on the loan, if a monthly payment is missed; the home is sold, or the borrower fails to perform as promised under terms of the mortgage.

Action Plan: The one-year portion of the Consolidated Plan that includes the City's annual application for HOME funds.

Affidavit: A sworn statement in writing, made before an authorized official.

Affordability: As used in the HOME Program, affordability refers to the requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME regulations. Affordability requirements vary depending on the nature of the HOME-assisted activity (i.e., homeownership or rental housing).

Anticipated Annual Income: The gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

Applicant: One who requests or seeks something such as assistance or employment or admission.

Application: The first step in the official loan approval process; this form is used to record important information about the potential borrower necessary to the underwriting process.

Appraisal: A written analysis of the estimated value of a property prepared by a qualified appraiser.

Bankruptcy: A federal law whereby a person's assets are turned over to a trustee and used to pay off outstanding debts; this usually occurs when someone owes more than they have the ability to repay.

Beneficiary: As used in a trust deed, the lender is designated as the Beneficiary, i.e. obtains the benefit of the security.

Borrower: A person who has been approved to receive a loan and is then obligated to repay it and any additional fees according to the loan terms.

Budget: A detailed record of all income earned and spent during a specific period of time.

Building Code: Based on agreed upon safety standards within a specific area, a building code is a regulation that determines the design, construction, and materials used in building.

Clear Title: A title that is free of liens and legal questions as to ownership of the property.

Closing: The occasion when a sale and/or loan transaction is finalized by the buyer signing the mortgage documents and paying closing costs.

Condominium: A form of real estate ownership. The owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surfaces (walls, floors, and ceilings) serve as its boundaries.

Consolidated Plan: A plan prepared in accordance with the requirements set forth in 24 CFR Part 91, which describes community needs, resources, priorities, and proposed activities to be undertaken under the HOME program, and other HUD Programs.

Covenant: A clause in a mortgage that obligates or restricts the borrower and which, if violated, can result in foreclosure.

Credit Report: The main basis for a lender to determine your "credit worthiness." A historical list of your credit use and bill payment performance.

Deed: Written instrument by which the ownership of land is transferred from one person to another.

Deed of Trust: Written instrument by which title to land is transferred to a trustee as security for a debt or other obligation.

Default: You are officially in default when you fail to make two or more monthly mortgage payments on time. This does not automatically indicate that you will lose your home, however. Many lenders will help you work to find a solution, as foreclosure is expensive for the lender.

Delinquency: Comes before default. Your loan is in delinquency when you fail to provide one month's mortgage payment on time.

Due on Sale Clause: An acceleration clause that requires full payment of a mortgage or deed of trust when secured property changes ownership.

Equal Credit Opportunity Act (ECOA): A federal law that prohibits lenders from denying mortgages on the basis of the borrowers' race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Equity: A homeowner's financial interest in a property. Also can mean the difference between the market value of your home and how much you owe on the property.

Federal Fair Housing Law: A federal law that forbids discrimination on the basis of race, color, sex, religion, or national origin in the selling or renting of homes and apartments.

Federal Housing Administration (FHA): A federal agency, a unit of HUD, designed to encourage private housing financing through the provision of mortgage insurance.

Fee Simple: An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.

First mortgage: The mortgage that has first claim in the event of default.

Fixed-rate Mortgage: A mortgage whose interest rate is locked in for the life of the loan, which commonly ranges from 15 to 30 years in duration. See Adjustable Rate Mortgages (ARM).

Forbearance: The lender's postponement of foreclosure to give the borrower to catch up on overdue payments.

Foreclosure: The legal process of the mortgage lender taking possession of and selling the property.

Home Investment Partnership Act (HOME): Authorized under Title II of the Cranston- Gonzales National Affordable Housing Act (NAHA) of 1990. This entitlement federal program is designed to expand the supply of decent, affordable housing for low and very low-income families.

Homeowner's Insurance: Absolutely required to obtain a mortgage, it covers the cost to rebuild your home.

Household: One or more persons who will occupy a housing unit.

HUD: the U.S. Department of Housing and Urban Development; established in 1965, HUD works to create a decent home and suitable living environment for all Americans; it does this by addressing housing needs, improving and developing American communities, and enforcing fair housing laws.

Inspection: A thorough inspection that evaluates the structural and mechanical condition of a property.

Interest rate: The fee charged for borrowing money; a percentage (rate) of a sum of money charged for its use.

Interest Rate: The percentage fee lenders charge you to use their money.

Joint Tenancy: An equal undivided ownership of property by two or more persons. Upon death of any owner, the survivor receives the decedent's interest in the property.

Lien: A legal hold or claim on property as security for a debt or charge.

Loan to Value Ratio: The relationship between the amount of the appraised value of the property, expressed as a percentage of the appraised value.

Loan Servicing: The collection of mortgage payments from borrowers, and related responsibilities of a loan servicer.

Low income / Very Low Income: Definition based on household income as a percentage of the median income for the area. For the purpose of the Home Rehabilitation Program, low income is defined as household income not more than 80% of the area median (adjusted by household size). Very low income is household income not more than 50% of the area median (adjusted by household size).

Mortgage: A legal document that pledges a property to the lender as security for payment of a debt.

Negative Amortization: Occurs when monthly payments fail to cover the interest cost. The interest not covered is added to the unpaid principal balance so that even after several payments, you could owe more than you did at the beginning of the loan.

Notice of Default: A formal written notice that a default has occurred and that legal action may be taken.

Policy of Insurance of Record Title (PIRT): Provides lenders with specific assurances against monetary loss, not to exceed \$150,000, as a result of any errors in the information provided. The information provided in a PIRT Schedule A includes the apparent record owner, legal description and monetary liens of record.

Pre-Payment Penalty: A fee charged to a mortgagor who pays a loan before it is due.

Principal: The amount borrowed or remaining unpaid.

Program Income: Gross income directly generated from the use of HOME funds or matching contributions.

Promissory Note: A written promise to pay a certain amount of money, at a certain time, or in a certain number of installments, usually secured by a deed of trust.

Property Tax: Averages between 1 and 2 percent of a home's value but may vary by county.

Recordation: Filing for record in the office of the county recorder.

Refinance: Taking out a new mortgage loan to receive more favorable terms. Generally recommended for fixed-rate mortgages if rates drop below 1 percent of what you're currently paying. However, refinancing can be expensive and time-consuming, so you'll want to consider this action carefully, and to ask yourself how long you plan to own the property.

Rehabilitation: The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs. The term includes where the use of a building is changed to an emergency shelter and the cost of this change and any rehabilitation costs does not exceed 75 percent of the value of the building before the change in use.

Second mortgage: A mortgage that has rights that are subordinate to the rights of the first mortgage holder.

Simple interest: A method of calculating the future value of a sum assuming that interest paid is not compounded.

Tenancy-in-common: A method of taking title to a property generally used among unmarried co-borrowers. See the Escrow section of this guide for more information.

Title: Evidence of a person's right or the extent of his or her interest in the property.

Title Insurance Policy: A policy that protects the purchaser, mortgagee or other party against loss arising from disputes over title to the property.

Truth in Lending: A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate and other charges.

Uniform Relocation Assistance (URA): Most acquisitions of real property by a public agency for a Federal project or a project in which Federal funds are used are covered by the URA. If you are notified that your property will be acquired for such a project, it is important that you learn your rights under this important law.

List of Appendixes

A – Section 3 Requirements

B – Housing Rehabilitation Standards

C – Lead Based Paint Hazard Reduction Guidelines D –

Processing Forms

1. 95% Property Value Limit
2. Loan Application Cover Letter and Income Documentation Requirements
3. Second Notice
4. Notice of Cancellation
5. Denial Letter
6. Request for Additional Documentation
7. Second Request for Additional Documentation
8. Acknowledgement of Receipt of Reports – Control Sheet
9. Environmental – Appendix A 2007 Form
10. Uniform Relocation Act Certification Form

E – Income Determination Forms

1. 24 CFR Part 5 – Annual Income Definition
2. Financial Information –Monthly Income/Asset Information pages (part of application packet)
3. CPD Income Eligibility Calculator - <https://www.onecpd.info/incomecalculator/>

F – Property Inspection Forms

1. Pre Rehab Inspection Form

G – Historic Preservation Forms

1. Historic Eligibility Determination Form to SHPO
2. Historic and Architectural Assessment Form

H – Contractor Selection Forms

1. General Contractor Courtesy List (updated January and July)
2. Contractor Qualification Application Packet
 - a. Contractor Qualification Application
 - b. W-9 Form
 - c. Equal Opportunity Forms
3. Non-debarment Certification (<https://www.sam.gov/portal/public/SAM/>)
4. Request for Bids

I – Final Evaluation and Approval Forms

1. Housing Rehabilitation Lead Based Paint Regulation Checklist
2. Loan Payment Schedule Form
3. Approval for Housing Improvement Loan Program
 - a. Debt to Income Calculation Sheet
4. Authorization to Proceed

J – Loan Agreement

1. Loan Servicing Firm Set Up Form

K – Funding Forms

1. Promissory Note
2. Deed of Trust
3. Truth in Lending and Itemization of Amount Financed
4. Notice of Cancellation (Right to Cancel)
5. Invoice / Request for Check Form
6. Notice of Completion/Request for Grant/Rebate
7. Contractor Clearance
8. Lead Certification

L – Construction Management Forms

1. Agreement for Rehabilitation and Notice to Proceed
2. Change Order Form
3. Contractor General Warranty & Lien Wavier
4. Notice of Completion

M – Loan Servicing Forms

1. Rehabilitation Completion Inspection Form
2. Payoff Demand Letter
3. Substitution of Trustee and Full Reconveyance