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Rio Dell, CA 95562
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For Meeting of: June 6, 2023

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager

Date: May 31, 2023

Subject: Amendments to the City's CDBG Housing Rehabilitation Guidelines to include the use of CalHOME Funds and to expand the program to include rental properties.

Recommendation:

That the City Council:

1. Receive a brief staff presentation regarding the proposed amendments; and
2. Open the public hearing, receive any public input and deliberate; and
4. Approve and adopt Resolution No. 1580-2023 approving amendments to the City's CDBG Housing Rehabilitation Guidelines to include the use of CalHOME Funds and to expand the program to include rental properties.

Background and Discussion

As the Council is aware the County on behalf of the City recently made application to the Department of Housing and Community Development (HCD) for CalHOME owner-occupied and rental rehabilitation grant funds. As such, the City needs to revise our CDBG Housing Rehabilitation Guidelines to include the use of CalHOME Funds and to expand the program to include rental properties.

The amendments to include reference to the CalHOME program is simple. The CDBG and CalHOME programs are very similar. Both programs are intended to assist individual first-time homebuyers through deferred-payment loans for down payment assistance, home rehabilitation, including manufactured homes not on permanent foundations, acquisition and rehabilitation, homebuyer counseling, self-help mortgage assistance, or technical assistance for self-help

homeownership. Just like the CDBG owner-occupied program, all funds are in the form of loans. When the loans are paid in part or full, the funds are used again to help others.

Below, in blue, are some of the more significant recommended changes. Attachment 2 includes the Housing Guidelines with all the suggested amendments.

3) PROPERTY ELIGIBILITY

B) Property Types

1. To be eligible for owner-occupied loans, the housing unit must be the primary residence of income-eligible occupants.
 - a) traditional single-family housing, condominiums, manufactured or mobile homes.
2. To be eligible for rental rehabilitation loans ~~Eligible~~ property types of residences can include:
 - b) multiple housing units, including accessory dwelling units, duplexes, triplexes and fourplexes, where the rehabilitated units are occupied by income eligible occupants.
3. Structures may be detached or attached.

5) FINANCING TERMS

D) Financing Terms for Eligible Owner-Occupied Property

Financing terms are made flexible to allow for maximum affordability.

1. The rehabilitation loan will be financed based on a sliding scale based on household income levels: Extremely Low Income 1%; Very Low Income 2%; Low Income 3%. Interest rate is simple interest deferred for a period up to thirty (30) years or time of sale or transfer.

E) Financing Terms for Eligible Owner-Investor Units

1. Amortized loans with an interest rate of five percent (5%) will be provided to investors with qualified projects. Up to \$60,000 per unit is available. The term of the loan will be a minimum of 15 years but can be extended out to 30 years if the debt service on the property is too high and a lower payment is needed to allow for all necessary repairs to be done or to make the project financially feasible. The investor must produce documentation showing excessive debt on the property to get any changes to the rates and terms. **Owner Occupied Loans will be given priority.**

2. Restrictions on Assisted Units will be enforced using a Rent Limitation Agreement (RLA). All owner investors who elect to rehabilitate a rental unit with CDBG financing must sign an RLA, which will be recorded on the title of the property. This agreement will specify that the assisted units will be occupied by income-qualified low-income tenants for the term of the loan agreement. The agreement will also mandate that in no instance shall rents exceed the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) schedule, while the RLA is in effect. All assisted units which must be restricted to use by low-income tenants and have restricted rents, will be monitored annually for compliance with the RLA terms and conditions. Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted. See the specific RLA document for details of restrictions and maximum rents in order to determine project's rental income for the future.

Annually, the program administrator updates the Fair Market Rent (FMR), contacts the property owner and the tenants to ensure that rents are in fact compliant with the FMR requirement. Attachment D of the Program Guidelines includes the Rent Limitation Agreement (RLA). Below are HUD's 2023 Fair Market Rents for Humboldt County.

<u>Unit #</u>	<u>Unit Size (# of Bedrooms)</u>	<u>Monthly Rent</u>		<u>Utility Costs</u>		<u>Total</u>
	<u>Efficiency</u>	<u>\$812</u>	<u>±</u>		<u>≡</u>	
	<u>1 Bedroom</u>	<u>\$907</u>	<u>±</u>		<u>≡</u>	
	<u>2 Bedroom</u>	<u>\$1,183</u>	<u>±</u>		<u>≡</u>	
	<u>3 Bedroom</u>	<u>\$1,681</u>	<u>±</u>		<u>≡</u>	
	<u>4 Bedroom</u>	<u>\$2,015</u>	<u>±</u>		<u>≡</u>	

D. Temporary Relocation of Residential Tenants:

If continued occupancy during rehabilitation is judged to constitute a substantial danger to health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, the tenant may be required to relocate temporarily. The program administrator or construction supervisor will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. He or she may move in with family and friends and still receive full or partial temporary assistance based on eligible cost incurred. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will ensure that each tenant occupied unit under

the program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant occupied unit will have a temporary relocation benefits form completed for them. (See Appendix C). These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation benefits.

1. Tenant receiving temporary relocation shall receive the following:

- a) Increased housing costs (e.g. rent increase, security deposits) and
- b) Payment for moving and related expenses, as follows:
 - 1) Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified.

2. Packing, crating, unpacking, and uncrating of personal property:

- a) Storage of personal property, not to exceed 180 days, unless the grantee determines that a longer period is necessary;
- b) Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
- c) Insurance for the replacement value of personal property in connection with the move and necessary storage;
- d) The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
- e) Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
- f) Any costs of credit checks required to rent the replacement dwelling;
- g) Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
 - 1) Interest on a loan to cover moving expenses; or
 - 2) Personal injury; or
 - 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or
 - 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

The relocation assistance funds come from the program, CDBG or CalHOME, being utilized by the property owner.

Attachment 1: Draft Housing Rehabilitation Guidelines

Attachment 2: Resolution No. 1580-2023.

RESOLUTION NO. 1580-2023



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL AMENDING THE CITY'S HOUSING REHABILITATION GUIDELINES TO INCLUDE THE USE OF CALHOME FUNDS AND TO EXPAND THE PROGRAM TO INCLUDE RENTAL PROPERTIES.

WHEREAS, the County on behalf of the City recently made application to the Department of Housing and Community Development (HCD) for CalHOME owner-occupied and rental rehabilitation grant funds; and

WHEREAS, the City needs to revise our CDBG Housing Rehabilitation Guidelines to include the use of CalHOME Funds and to expand the program to include rental properties; and

WHEREAS, the City posted Public Notices regarding the public hearing and the changes to the City's Housing Rehabilitation Guidelines at City Hall, the local library, the community bulletin board downtown, the local Post Office and on the City's website on May 24th, 2023.

BE IT RESOLVED by the City Council of the City of Rio Dell as follows:

SECTION 1:

The City Council hereby approves amending the City's Housing rehabilitation Guidelines to include the use of CalHOME Funds and to expand the program to include rental properties.

SECTION 2:

The City Council authorizes any minor, non-substantive revisions necessary to accommodate any changes the Department of Housing and Community Development (HCD) deems necessary.

PASSED and ADOPTED at a regular meeting of the City Council of the City of Rio Dell on June 6, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Debra Garnes

STATE OF CALIFORNIA

City of Rio Dell

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Resolution No. 1579-2023 adopted by the City Council of the City of Rio Dell on April 18, 2023.

Karen Dunham, City Clerk, City of Rio Dell

City Rio Dell



**State of California
Community Development Block Grant (CDBG)
and
CalHOME Program**

Housing Rehabilitation Program Guidelines

Approved May 16, 2006
Amended July 17, 2012; Resolution No. 1153-2012
City Council Amended and Approved: February 17, 2015
Resolution No. 1255 – 2015

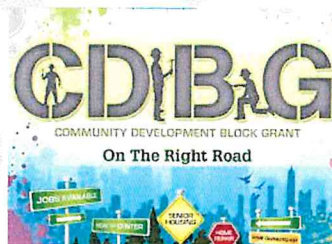


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CITY OF RIO DELL
COMMUNITY DEVELOPMENT BLOCK GRANT [and CalHOME](#)
HOUSING REHABILITATION PROGRAM GUIDELINES

The City of Rio Dell Housing Rehabilitation Program, funded by State Community Development Block Grant (CDBG) [and CalHome](#) Programs, is designed to expand the supply of decent, safe, sanitary and affordable housing; to correct health and safety hazards in deteriorated housing; and to extend the useful life of existing housing units. Loans and grants are available to achieve cost-effective repairs for low-income owner-occupied homes or for units occupied by low-income tenants of owner-investors jurisdiction wide (within incorporated area) or, for open grants, within specific target areas. The City is hereafter referred to as lender.

1) FAIR HOUSING

This program will be implemented in ways consistent with the Lender's commitment to Fair Housing. No person shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG Investment Partnerships Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

2) INCOME ELIGIBILITY

A) Income Limits

1. In order to be eligible for the CDBG assistance, the cumulative gross annual income(s) (as determined using federal regulations 24 CFR Part 5) for all persons age 18 years and over, occupying the residence must not exceed 80% of the county's median income as published annually by the U.S. Department of Housing and Urban Development (HUD.)
2. The income limits published at the time of loan approval will apply when determining income eligibility. All persons in residence are considered household members for purposes of income eligibility. The current HUD income limits by household size are listed in Attachment A, Table 1.

B) Determining Income for Occupants of Property

1. The applicant must own and occupy the housing unit.
2. Annual household income will be used to determine whether or not a particular household is above or below the published low-income limit. Income is defined as the gross amount, before any deductions have been taken, of income that is

anticipated to be received by all household members during the succeeding twelve-month period.

3. All persons, 18 years of age or more, living in the household are required to provide proof of current income.
4. Income must be verified no earlier than six months from the date the loan is made. If all or part of income is derived from irregular employment or includes earnings from occasional overtime work, such income received during the preceding calendar year will be used as a basis to anticipate income for the upcoming calendar year. See Attachment A for a more detailed description of the existing calendar year income that is included in the calculation of annual income for the Program.

3) PROPERTY ELIGIBILITY

The property must be in need of repair(s), as determined by a Rehabilitation Inspector. The property must be economically feasible for rehabilitation to correct all health and safety hazards.

A) Evidence of Ownership

1. "Ownership" means any of the following interests in residential real property:
 - a.) Fee simple interest
 - b.) 99-year leasehold interest in the property
 - c.) Ownership or membership in a condominium, cooperative or mutual housing project.
2. There cannot be any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest.

B) Property Types

1. To be eligible [for owner-occupied loans](#), the housing unit must be the primary residence of income-eligible occupants.
 - a) traditional single-family housing, condominiums, manufactured or mobile homes.
2. [To be eligible for rental rehabilitation loans](#) ~~Eligible~~ property types of residences can include:
 - b) [multiple housing units, including accessory dwelling units, duplexes, triplexes and fourplexes, where the rehabilitated units are occupied by income eligible occupants.](#)

3. Structures may be detached or attached.

C) Property Location

1. The housing structure must be located within the incorporated city limits of the City of Rio Dell and more specifically within designated target areas for open grants.

D) Environmental Clearance

1. Each one to four unit housing structure must be checked for historic character including conciliation with SHPO, if it is over 50 years old. Each housing project will have a Rehabilitation Environmental Review (RER) Appendix A form (Attachment G) completed and placed in each project file to document compliance with final NEPA review. If the property is found to be in need of reconstruction per Attachment E then an Appendix A is also used. All RER documentation shall go into the project file and be completed prior to loan approval.
2. For any projects which have more than four units on the property or where a structure is being expanded more than 20% of its original foot print, then a Statutory Worksheets must be completed and submitted to the State for review and release of funds for the project.

4) REHABILITATION STANDARDS

A) Rehabilitation Standards

1. Every loan made in this program shall be used to finance rehabilitation that complies with minimum program rehabilitation standards. Rehabilitation standards are incorporated into the scope of work for each rehabilitation project and include minimum grades and standards on materials (for example, carpet shall be at least \$15.00 per yard not including pad and installation). Rehab standards shall also include standards of workmanship and clean up.

These rehabilitation standards are meant to provide a basic level of quality and workmanship and ensure reasonable life of the equipment and work provided to the program participants. When the scope of work for a project includes addressing items which are related to local building codes then those specific items must be done in compliance with applicable local building codes. In some cases there may not be enough equity in the property to make a loan that addresses all the necessary repairs and the program operator will negotiate the scope of work with program participant to prioritize what repairs need to be addressed with the limited funds available. For all projects assisted with CDBG funds the work must be in compliance with the program's rehabilitation standards.

2. In addition, the program requires specific upgrades in all projects where sufficient funds are available. These include:
 - a) upgrade of any fuse-type electrical services or sub-panels;
 - b) GFCI installation at all code-required locations where missing;
 - c) smoke detector upgrade to current Uniform Building Code;
 - d) installation of carbon monoxide detectors when gas fired equipment is present;
3. In cases where the property is out of compliance with the Lender's local ordinances, then the owner is responsible for doing any on site cleanup (removal of junk cars and appliances) or addressing the property's zoning issues or removing illegal units before any work can be done using CDBG funds

B) Lead Hazard Reduction Inspection and Mitigation:

Occupants of units constructed prior to 1978 will receive proper notification of Lead-Base Paint (LBP) hazards and all projects will be subject to implementation of the Federal Lead Based Paint Regulations by the California Department of Housing and Community Development (HCD) in accordance with the most recently published CDBG grant management manual chapter on Lead Paint. Each project will have a lead based paint checklist completed for it. See Attachment G for copy of rehab lead checklist to be included in each project file.

C) Prioritization of Rehabilitation Needs:

1. Health and safety: Examples include correcting plumbing, electrical, structural, mechanical and roof deficiencies, and bedroom additions to resolve overcrowding (Overcrowded conditions will be determined using the guidelines in Attachment F) Lead hazard evaluation and reduction activities will be addressed under health and safety issues.
2. Energy conservation: Examples include adding insulation, reducing air infiltration through window and door replacement, weather-stripping and caulking, and replacing inefficient water heaters, ovens, furnaces, and air conditioning appliances.
3. Extension of useful life: Examples include repairing siding and sheetrock, interior and exterior painting, replacing worn flooring, cabinets, interior doors, gutters, foundation upgrades, retaining walls, and other repairs that can extend the useful life of the property.
4. Converting to current California Building Code (CBC) standards: Examples include moving bathroom access to hallways or off of kitchen; stairs and porch upgrades.

5. Properties constructed prior to 1978 will be required to comply with current Lead Based Paint hazard reduction regulations. The basic requirements include, but are not limited to the following:
 - a) Notification regarding the hazards of Lead Based Paint Poisoning be provided to the occupants of the property.
 - b) Properties constructed prior to 1978 will be required to be inspected for defective paint surfaces
 - c) If defective paint surfaces are found in properties constructed prior to 1978, the surfaces will be properly abated.

D) Reconstruction of Housing Units

The Lender may consider reconstruction of single-family units or mobile homes where health and safety repairs are insufficient to remove the most serious deficiencies, and where the cost of reconstruction is less than rehabilitation. A Test for Reconstruction and supporting documentation must be used to determine eligibility for reconstruction and included in the project file. **See Attachment F for test for reconstruction.**

E) Non-Eligible Improvements

1. General property improvements are typically not eligible. Examples include: landscaping; security systems; television antennas; remodeling (including additions for family rooms, dens, or additional bedrooms when there is no overcrowding), or non-energy efficient improvements. New flooring and interior painting are normally considered to be GPIs unless there is an identified health hazard created by these elements. In cases of reconstructions, front landscaping may be eligible if there are sufficient funds. Most work outside of the eaves of the home are generally not allowed by these programs; however, certain flatwork for required parking or safe access may be considered.
2. CDBG funds may not be used to change the use of a structure (conversion).

5) FINANCING TERMS

A) Maximum Loan Amount

1. In all cases, the maximum CDBG/CalHOME loan amount shall be \$60,000 per housing unit. Maximum loan amounts for reconstruction projects shall be \$100,000. Leveraged funds may be employed to cover costs that exceed these maximum CDBG amounts.

2. The loan amount may include:

- a) construction contract (the accepted bid price for the cost of materials and labor);
- b) construction contingency;
- c) drafting and engineering fees, if any;
- d) appraisal and termite inspection charges;
- e) credit report review fees;
- f) permit fees and related building fees,
- g) site preparation for replacement housing;
- h) escrow, closing and recording fees; title report or flag report, title updates.

CDBG funds may not be used to pay for back property taxes.

3. In order to fully rehabilitate properties with substantial rehabilitation needs, the loan committee will approve, on a case-by-case basis, exceptions to exceed the maximum loan amount when the proposed rehabilitation project is defined as reconstruction or replacement or all work items are health and safety issues.

B) Maximum Loan-to-Value Ratio

The maximum encumbrance will normally be limited to ninety percent (90%) of the property's after-rehabilitation value (determined by after rehab certified appraisal).

C) Loan Security

- 1. A Deed of Trust and Promissory Note will secure loans.
- 2. All owners listed on the benefiting property title are required to sign the Deed of Trust, Promissory Note, rehabilitation contract documents, and other related loan documents, whether or not they reside on the property.
- 3. All Lender loans, which are not in first position on title, will require a Notice of Default to be recorded as part of the transaction.

D) Financing Terms for Eligible Owner-Occupied Property

Financing terms are made flexible to allow for maximum affordability.

- 1. The rehabilitation loan will be financed based on a sliding scale based on household income levels: Extremely Low Income 1%; Very Low Income 2%; Low Income 3%. Interest rate is simple interest deferred for a period up to thirty (30) years or time of sale or transfer.

E) Financing Terms for Eligible Owner-Investor Units

- 1. Amortized loans with an interest rate of five percent (5%) will be provided to investors with qualified projects. Up to \$60,000 per unit is available. The term of the loan will be a minimum of 15 years but can be extended out to 30 years if the

debt service on the property is too high and a lower payment is needed to allow for all necessary repairs to be done or to make the project financially feasible. The investor must produce documentation showing excessive debt on the property to get any changes to the rates and terms. *Owner Occupied Loans will be given priority.*

2. Restrictions on Assisted Units will be enforced using a Rent Limitation Agreement (RLA). All owner investors who elect to rehabilitate a rental unit with CDBG financing must sign an RLA, which will be recorded on the title of the property. This agreement will specify that the assisted units will be occupied by income-qualified low-income tenants for the term of the loan agreement. The agreement will also mandate that in no instance shall rents exceed the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent (FMR) schedule, while the RLA is in effect. All assisted units which must be restricted to use by low-income tenants and have restricted rents, will be monitored annually for compliance with the RLA terms and conditions. Failure to comply with these terms and conditions will result in the loan becoming due and payable. If necessary, foreclosure proceedings will be instituted. See the specific RLA document for details of restrictions and maximum rents in order to determine project's rental income for the future.

E F) Lead Hazard Evaluation and Reduction Grants

1. Lead Paint Hazard Grants will be provided by the Lender for the cost of lead hazard evaluation and any increased construction costs that are a result of lead hazard reduction activities. Grants for lead hazard evaluation and reduction activities can be used for all approved CDBG projects, regardless of rehabilitation amount. The grant amounts should not exceed the amount of the loan, and will be limited to a maximum of \$5,000 per housing unit.

6) LOAN SERVICING POLICIES AND PROCEDURES

See Attachment E for description of official loan servicing policies and procedures. These policies and procedures include: collection of loan payments, occupancy restrictions and monitoring, changes in title or transfers of title, changes in use, being current on insurance and property tax, default and foreclosure process.

7) USE OF CDBG & CalHOME PROGRAM INCOME

All loan payments received from CDBG loans made by the Lender will be known as CDBG Program Income and will be returned to the Lender for use on CDBG eligible activities (as defined by state and federal regulations).

8) LOAN PAYMENT AND ASSUMPTION POLICIES

The Lender will maintain a financial record-keeping system to record payments and file statements on payment status or may choose to hire a loan payment servicing contractor. See **Attachment D** for full set of loan servicing policies which cover assumptions of loans, subordinations, defaults and foreclosures.

9) LOAN COMMITTEE

A) Committee Composition

1. The loan committee shall consist of the City Manager, Finance Director and Community Development Director. Appeals to the Loan Committee's decision shall be heard by the City Council.

B) Committee Role

1. The Loan Committee will review each application and will make decisions on the loan amount and terms to be utilized.
2. Confidentiality of clients shall be maintained at all times and personal financial records will not be public information.
3. In order to meet the needs of affordable housing in the jurisdiction, the Loan Committee may review program guidelines and make recommendations for future modifications. Any changes made shall be in accordance with CDBG [and CalHOME](#) regulations and be approved by the governing body and the State CDBG [and CalHOME](#) Programs.

C) Review and Revision of CDBG Program Guidelines

In order to meet the needs of affordable housing in the jurisdiction, the city staff and program delivery agent may review program guidelines and make recommendations for future modifications. Any changes made shall be in accordance with CDBG [and CalHOME](#) regulations and be approved by the governing body and the State CDBG [and CalHOME](#) Programs.

D) Conflict of Interest Requirements

In accordance with Title 24, Section 570.611 of the code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the CDBG [and CalHOME](#) programs shall directly or indirectly be eligible for this program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body

10) LOAN APPROVAL AND CONSTRUCTION PROCESS

A) Outreach

1. Community members are informed of the details of the rehabilitation program and

eligibility requirements through area newspapers, advertisements, public meetings, private interviews, program flyers distributed throughout the jurisdiction, and other fair marketing efforts.

2. Written information is provided in English and the primary language of any significant portion of target area residents.
3. Bilingual personnel will conduct or assist with outreach and community meetings, as needed.
4. Pre-qualification and marketing criteria will focus upon income eligibility and rehabilitation needs.

B) Applications/Interview

1. Applications will be accepted until the goals of the program have been met and/or all funds have been committed.
2. Completed applications will be processed on a first-come, first-served basis.
3. When the number of applications exceeds loan funds, the Lender will rank them according to rehabilitation and/or income need. Units with the greatest rehabilitation need will be ranked first. Then, among applicants with similar rehabilitation need, priority will be given to the lowest income households. All ranking will be completed in compliance with Fair Housing Act standards.
4. Program representatives, holds private interviews with families to explain program requirements, documentation, and the rehabilitation processes, and when necessary, to assist in completing the application form. Required signatures are obtained, and the unit's rehabilitation needs are discussed. Additional documents may be obtained through the mail or follow-up visits.

C) Eligibility Determination

1. The program representative carries out income and property eligibility analysis. Elements include ordering a preliminary title report or FLAG report to evidence ownership and existing encumbrances, property value documentation (i.e., property profile, comparable market analysis, appraisal), and reviewing income and credit verifications.
2. The CDBG or CalHOME loan amounts cannot exceed 90% of the after-rehabilitation value of the property. After rehabilitation value will be determined by an appraisal or a market sales analysis from a title company or real estate agent, or by the assessed value as determined by the County Assessor's Office.

D) Initial Inspection / Work Write-Up /Estimate

1. Initial Inspection: When the property and household income eligibility have been determined, the Rehabilitation Inspector inspects the house and prepares a detailed work write up and in-house cost estimate. Costs are determined based upon experience and/or the use of a construction estimation program.
2. The program representative will be responsible for reviewing the work write-up and the cost estimate.
3. A. pre-bid conference Notice is sent out to qualified licensed contractors on the CDBG/[CalHOME](#) program's interested contractor list.
4. The construction management staff conducts a bid walk-through, reviews bids for their completeness, and reviews the results with the family. By comparing the initial in-house estimate to the bids submitted, the cost reasonableness of the project will be determined. After the borrower selects the contractor, a notice of award will be sent out to contractors who submitted bids on the project.

E) Determination of CDBG [or CalHOME](#) Assistance

The determination of CDBG [or CalHOME](#) assistance will be based on: the final construction bid and the eligible loan processing costs, and the amount of equity available in the unit. CDBG [or CalHOME](#) assistance will be determined, as well as other sources of financing available, to assure that adequate funds are available for the necessary repairs and any eligible loan processing charges.

F) Loan Approval

A loan package will be prepared by the program representative that: confirms the applicant and property eligibility; documents the equity in and the encumbrances on the property; lists the loan and construction costs; and includes any other information particular to the case at hand. By preparing a loan package using all the income and property eligibility, the determination of the amount and rates and terms of the CDBG [or CalHOME](#) loan will be outlined for the Lender staff or Loan Committee to review.

G) Document Signing

Upon notice that the Lender has approved the loan, the borrower signs the appropriate loan documentation and the deed is recorded. The Lender will utilize the services of a reputable Title and Escrow Company to assist with the recording of all appropriate legal documents and issuance of title insurance when required.

H) Work Commencement, Interim Inspections and Progress Payments

1. The Program Inspector will schedule a Pre-construction Conference which will include

the selected contractor and the homeowner(s) for the purpose of discussing a variety of topics related to the project as delineated on the conference check list.

2. At the Pre-construction Conference, the homeowner and the contractor sign off on the Pre-construction Conference form and sign the Rehabilitation Construction Contract.
3. The Housing Rehabilitation Inspector issues a Notice to Proceed, with a copy to the local building inspector.
4. The contractor is responsible for securing all necessary building permits.
5. The Finance Director or designee establishes a rehabilitation disbursement record to track all disbursements and change orders.
6. All change orders must be in writing.
7. The Rehabilitation Inspector reconciles all disbursement and change order requests with the interim inspection of work or progress inspections.
8. Construction disbursement or change order funds cannot be released without the signatures of the homeowner and the contractor.
9. Any necessary inspections with the Lender's building department will be coordinated by the contractor and reviewed by the Rehabilitation Inspector.

I) Change Orders

All change orders require the approval of the owner, the contractor (if a contractor is involved) and the construction management staff. Generally, all three parties must sign the change order form prior to commencement of the work proposed in the change order. However, if the Change Order is necessary to complete an ongoing contracted rehabilitation work item (necessary repairs uncovered in the process of contracted work), at least verbal approval by the homeowner should be sought by the contractor prior to continuing work. If the homeowner is not available to approve the repairs, photos of the damage and repairs shall be taken, work may continue and a Change Order delineating the necessary repairs and costs will be prepared and signed by all required parties at the earliest possible time. These repairs should be done on a time and materials basis by the contractor.

J) Work Completion

The Rehabilitation Inspector will conduct a final walk through with the homeowner and selected contractor to address any outstanding items and create a project Punch List. Upon completion of work and a final inspection by the Lender's building inspector, a Notice of Completion is recorded at the County Recorder's Office.

11) EXCEPTIONS/SPECIAL CIRCUMSTANCES

1. Exceptions are defined as any action, which would depart from policy and procedures stated in the guidelines. For example, if the cost of rehabilitation for critical code deficiencies exceeds 90% of the after-rehabilitation value of the property, the CDBG/[CalHOME](#) Loan Committee can, on a case-by-case basis, approve a higher loan limit. Any exception to these Guidelines must be approved in writing by the California Department of Housing and Community Development.

2. The Lender or its agent may initiate consideration of an exceptional/special circumstance. A report on the situation will be prepared. This report shall contain a narrative, including the staffs recommended course of action and any written or verbal information supplied by the applicant. The Loan Committee shall make a determination of the exceptional/special circumstances request at a regular or special meeting.

12) DISPUTE RESOLUTION/APPEALS PROCEDURE

1. Any person/family applying for a rehabilitation loan through the CDBG [or CalHOME](#) programs has the right to appeal if their application is denied. In addition, during pre-construction, construction or post-construction periods, the applicant/borrower has a similar right to have any disputes heard and resolved.

2. Rehabilitation program representatives are primarily responsible to assure that the program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work write-ups and contract documents. Program representatives attend the meeting between the homeowner and the contractor when the contract documents are signed, and facilitate in the clarification and/or corrections of proposed work so a clear understanding is established between both parties.

3. During and after completion of construction, the contractor's work is monitored for code compliance by the Lender's building inspector and for quality by the homeowner with assistance from the Housing Rehabilitation Inspector as necessary.

4. The contractual obligation for rehabilitation is ultimately between the contractor and the homeowner. If a situation occurs where the two parties are in conflict, the following procedure will occur:

Stage 1: Before any intervention occurs, the homeowner or contractor shall communicate perceived problems or complaints directly to the other party. In an attempt to resolve the differences, each will give the other an opportunity to respond or correct the problem.

Stage 2: If the Stage 1 attempt fails, the homeowner or contractor may ask the program representative to informally intervene. This intervention might include telephone call(s) to the contractor or homeowner, meeting(s) at the job site or in the office, or other actions as seem appropriate, including such things as the establishment of

written working guidelines, or other post-contractual agreement.

Stage 3: If the program representative is unable to satisfactorily resolve the homeowner-contractor differences, the homeowner, contractor, or program representative, will contact the lender **in writing**, detailing the problem. In cases of building code compliance or questions of construction quality, the building inspector will also be contacted.

5. It must be recognized that the homeowner has other options which they may choose to utilize, including contacting the Contractors State Licensing Board and submitting a complaint.

6. Any controversy between the parties that cannot be settled through the informal intervention process outlined above shall be submitted to binding arbitration. Costs for the arbitration will be borne by the loser, or subject to the terms of the arbitration agreement.

7. The parties shall attempt to agree on a single arbitrator to hear the dispute. If they cannot agree each party shall appoint an arbitrator. If the two arbitrators cannot agree then they shall appoint a third arbitrator whose decision shall be final and binding. The cost of the arbitration shall be borne by the losing party unless the arbitrator otherwise determines.

8. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in force. The parties expressly agree that the arbitration shall be subject to and governed by, the Federal Arbitration Act, Title IX, USC 1 et seq.

13) ANTI-DISPLACEMENT ASSISTANCE POLICY and RELOCATION ASSISTANCE

This program is subject to the "Relocation, Displacement and Acquisition" Amendment of the Housing and Community Development Act of 1977, URA and Section 104(d) of the Housing and Community Development Act of 1974. CDBG [and CalHOME](#) rehabilitation projects will not result in involuntary displacement.

A) Temporary Relocation Assistance:

1. Relocation assistance will be provided as set forth in **Attachment B**.

2. Relocation costs will not be part of the loan funds advanced to the borrower, but will be paid as a grant of up to \$500 from the CDBG [or CalHOME](#) loan pool.

14) CONTRACTING REQUIREMENTS

A) Role of the Local Government

The Lender is an equal opportunity, fair housing lender, providing affordable financing for housing rehabilitation performed in accordance with the adopted Program Guidelines. **The Lender does not warrant any construction work, or provide any insurance coverage.**

B) Contracting Process

1. Contracting will be done on a competitive bid basis.
2. The homeowner will be the responsible agent, but the local government and/or its agent will prepare and advertise the bid package and assist the owner in negotiating the contract.
3. Only the owner can select the contractor of their choice.

C) Approved Contractors

1. All contractors will be checked with HUD's federally debarred list of contractors; no award will be granted to a contractor on this list.
2. Contractors are required to be licensed with the State of California and be active and in good standing on the Contractor's License Board list.
3. Contractors must also have public liability insurance in the amount of \$1 million and when necessary, Workman's Compensation insurance.
4. Contractors must agree to comply with all CDBG federal and state regulations.

D) Acceptance of Work

1. Progress payments will be made after acceptance of work by the participant and the program operator and signoff of permit items by building inspector. Final payment will be made to the contractor when the building inspector has accepted the work, as evidenced by a final sign-on the building permit, and items on the final punch list approved by the participant have been completed.
2. At the time of the request for the payment of the final 10% retention, following final sign-off by the building department and completion of any punch list items, the contractor will provide a Notice of Completion signed by the homeowner. The final 10% retention will be held for 35 days after the recordation of the Notice of Completion to ensure that all unconditional liens have cleared.

15) SELF-HELP CONSTRUCTION

1. Property owners may agree to participate in the construction by doing "self-help" rehabilitation to the structure. The approved final work write-up will indicate which tasks the owner will complete. If the project has lead paint hazards, then the participant must provide documentation of One Day Lead-Safe training for each person to be working on the house prior to signing self help contract or starting work. Lead hazard worker certification will not be necessary if the project does not have lead paint (built after 1978 or tested negative for lead paint), or if the project is cleared of lead hazards by a certified lead inspector and work performed by the family will not create additional lead hazards.

2. Participant will only be reimbursed for construction materials used on the project's self help scope of work. No reimbursement will be made for tools or materials/equipment not shown as items listed in the original scope of work.
3. In all cases where the owner agrees to do part of the job himself/herself, a self-help contract will be signed by the owner specifying tasks and completion times. If the work is not completed in a timely manner, then the contractor working on the job will be asked to complete the work through a change order. If the owner does work outside of the approved scope of work, then they will not be eligible for repayment of those costs.
4. The Lender reserves the right to determine whether the work is appropriate for self-help rehabilitation or if the owner is capable of such self-help rehabilitation.

ATTACHMENT A

CITY OF RIO DELL

HOUSING REHABILITATION PROGRAM GUIDELINES

2022 Income Limits

Number of Persons in Household:		1	2	3	4	5	6	7	8
Humboldt County Area Median Income: \$80,300	Acutely Low	8450	9650	10850	12050	13000	14000	14950	15900
	Extremely Low	16350	18700	23030	27750	32470	37190	41910	46630
	Very Low Income	27300	31200	35100	38950	42100	45200	48300	51450
	Low Income	43650	49850	56100	62300	67300	72300	77300	82250
	Median Income	56200	64250	72250	80300	86700	93150	99550	106000
	Moderate Income	67450	77100	86700	96350	104050	111750	119450	127200

- All published limits will be updated annually as new information is provided by HUD.

Income Calculation

Current gross income of all persons over 18 years of age living in the household will be used to project the anticipated income for the household over the next 12 months. This is in accordance with **regulation 24 CFR Part 5** income determination regulations. The following is a list of income that is included in the calculation of annual income for the Program:

1. All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and any other compensation for personal services (before any payroll deductions);
2. Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted in accordance with IRS regulations. Any withdrawal of cash or assets from the business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the household;
3. Interest, dividends, and other net income of any kind from real or personal property. Where the household has Net Family Assets (excluding the value of the family's home) in excess of \$5,000, annual income includes the greater of the actual income derived from the Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;
4. All gross periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts;

5. Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay, excluding however, lump sum payments under health and accident insurance such as workers' compensation;
6. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts from any person not residing in the dwelling;
7. All regular pay, special pay, and allowances of a member of the Armed Forces who is head of the household, whether or not he or she is living in the dwelling; and
8. All payments made to, or in benefit of, any member of the household, under the provisions of the Economic Opportunity Act or any other anti-poverty program.

The following are excluded from income calculations under the Program:

1. Income from employment of children under the age of 18 years;
2. Payments received for the care of foster children;
3. Lump sum additions to Family Assets, such as inheritances, insurance payments including payments under health and accident insurance and workers' compensation, capital gains and settlements of personal property losses (but see #5 under the listing of income inclusions above);
4. Amounts received that are specifically for, or in reimbursement of, the cost of medical expenses of any household member;
5. Income of a live-in aide;
6. Amounts of educational scholarships paid directly to the student or school, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, etc. of the student. Any amounts received that are not used for these purposes are to be included as income;
7. The special pay for a household member serving in the Armed Forces who is exposed to hostile fire;
8. Amounts received under HUD-funded training programs or received under a public assistance program that are specifically for out-of-pocket costs made solely to allow participation in a specific program;
9. Temporary, nonrecurring, or sporadic income; and
10. Lump sum payments of SSI and Social Security benefits, the value of the allotment provided under the Food Stamp Act of 1977

ATTACHMENT B

CITY OF RIO DELL

HOUSING REHABILITATION PROGRAM GUIDELINES

RESIDENTIAL ANTI-DISPLACEMENT AND
TEMPORARY RELOCATION ASSISTANCE PLAN

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require all grantees of Community Development Block Grant (CDBG) funds or Home Investment Partnership (HOME) funds to follow a written Residential Anti-displacement and Relocation Assistance Plan (Plan) for any activities which could lead to displacement of occupants whose property is receiving funds from these or other federal funding source. Having been developed in response to both aforesaid federal legislations, this Plan is intended to inform the public of the compliance of the City of Rio Dell with the requirements of federal regulations 24 CFR 570.606 under state recipient requirements and Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR 92 of the HOME federal regulations. The Plan will outline reasonable steps, which the City will take to minimize displacement and ensure compliance with all applicable federal and State relocation requirements. The governing body has adopted this plan via a formal resolution at a noticed public hearing.

This Plan will affect all activities funded by the U.S. Department of Housing and Urban Development (HUD) under the following program titles: HOME, CDBG, Urban Development Action Grant (UDAG), Special Purpose Grants, Section 108 Loan Guarantee Program, and such other grants as HUD may designate as applicable, which take place within the City limits.

The City will provide permanent relocation benefits to all eligible "displaced" households which are permanently displaced by use of federal funds as allowed under the Uniform Relocation Act (URA) and Section 104 (d) (See Section E below.). In addition, the City will replace all eligible occupied and vacant occupiable low-income group dwelling units demolished or converted to a use other than low income group housing as a direct result of use of federal funds. This applies to all units assisted with funds provided under the Housing and Community Development Act of 1974, as amended, and as described in the Federal Regulations 24 CFR 570.496(a), Relocation, Displacement and Acquisition: Final Rule dated July 18, 1990 (Section 104(d)) and 49 CFR Part 24, Uniform Relocation Assistance (URA) and Real Property Acquisition Regulations Final Rule and Notice (URA) dated March 2, 1989.

All City programs/projects will be implemented in ways consistent with the City's commitment to Fair Housing. Participants will not be discriminated against on the basis of race, color, religion, age, ancestry, national origin, sex, familial status, or handicap. The City will provide equal relocation assistance available 1) to each targeted income group household displaced by the demolition or rehabilitation of housing or by the conversion of a targeted income group dwelling to another use as a direct result of assisted activities; and 2) to each separate class of

targeted income group persons temporarily relocated as a direct result of activities funded by HUD programs.

A) Minimizing Permanent Displacement and Temporary Relocation Resulting from Housing Rehabilitation or Reconstruction Activities

Consistent with the goals and objectives of activities assisted under the Act, the City will take the following steps to minimize the displacement of persons from their homes during housing rehabilitation or reconstruction funded by HUD programs:

1. Provide proper notices with counseling and referral services to all tenants so that they understand their relocation rights and receive the proper benefits. When necessary assist permanently displaced persons to find alternate housing in the neighborhood.
2. Stage rehabilitation of assisted households to allow owner occupants and/or tenants to remain during minor rehabilitation.
3. Encourage owner investors to temporarily relocate tenants to other available safe and sanitary vacant units on the project site area during the course of rehabilitation or pay expenses on behalf of replaced tenants.
4. Work with area landlords, real estate brokers, and/or hotel/motel managements to locate vacancies for households facing temporary relocation.
5. When necessary, use public funds, such as CDBG funds, to pay moving costs and provide relocation/displacement payments to households permanently displaced by assisted activities.

B. Lead Based Paint Mitigation Which Causes Temporary Relocation

On September 15, 2000, the Final Rule for Lead Based Paint Hazard Control went into effect. Among other things, it requires that federally-funded rehabilitation must use safe work practices so that occupants and workers can be protected from lead hazards. **At no time should the occupant(s) be present in work areas or designated adjacent areas while LHC activities are taking place in any dwelling unit interior, common area, or exterior.** As such, occupants may not be allowed to remain in their units during the time that lead-based paint hazards are being created or treated. Once work that causes lead hazards has been completed, and the unit passes clearance, the occupants can return. **The occupants may not reoccupy a work area or adjacent area until post-lead hazard reduction clearance standards have been achieved and verified with laboratory results.**

The final rule allows for certain exceptions: programs:

1. The work will not disturb lead-based paint, or create dust-lead or soil-lead hazard; or
2. The work is on exterior only and openings are sealed to prevent dust from entering the home, the work area is cleaned after the work is completed, and the residents have alternative lead-free entry; or

3. The interior work will be completed in one period of less than 8-daytime hours and the work site is contained to prevent the release of dust into other areas of the home; or
4. The interior work will be completed within five (5) calendar days, the work site is contained to prevent the release of dust, the worksite and areas within 10 feet of the worksite are cleaned at the end of each day to remove any visible dust and debris, and the residents have safe access to kitchen and bath and bedrooms.

If temporary relocation benefits are not provided because the City believes that the project meets one of the above criteria, then proper documentation must be provided in the rehabilitation project file to show compliance. It is up to the City to ensure that the owner occupant in the project does not get impacted by lead paint mitigation efforts. In most cases where lead paint mitigation is taking place, occupants will be strongly encouraged to relocate even for just a few days until a final lead clearance can be issued by a certified lead-based paint assessor. Occupants who are temporarily relocated because of lead based paint mitigation are entitled to the same relocation benefits as those who are relocated because of substantial rehabilitation or reconstruction activities.

C. Temporary Relocation of Owner Occupants:

Owner occupants are not allowed to stay in units which are hazardous environments during lead-based paint mitigation. When their home is having lead-based paint mitigation work done which will not make it safe to live in, then they are eligible for temporary relocation benefits up to \$500, which will be provided as a grant. In the same way, a unit requiring substantial rehabilitation (with or without lead based paint mitigation) which will not allow the family to access a bath or kitchen facility, or if the unit is being demolished and reconstructed, then the family will be eligible for temporary relocation benefits up to \$500, which will be provided as a grant. In no case shall the grant for temporary relocation exceed \$500 for any one owner occupant.

Owner occupants will be encouraged to move in with family or friends during the course of rehabilitation, since they are voluntarily participating in the program. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will complete a temporary relocation benefits form (**See Appendix B**) to document that the owner occupant understands that they must relocate during the course of construction and what benefits they wish to be reimbursed for as part of their relocation.

D. Temporary Relocation of Residential Tenants:

If continued occupancy during rehabilitation is judged to constitute a substantial danger to health and safety of the tenant or the public, or is otherwise undesirable because of the nature of the project, the tenant may be required to relocate temporarily.

The program administrator or construction supervisor will make determination of the need for temporary relocation. The temporary relocation period will not exceed 180 days. All conditions of temporary relocation will be reasonable. Any tenant required to relocate temporarily will be helped to find another place to live which is safe, sanitary and of comparable value and they have the first right to move back into the original unit being rehabilitated at the same rent or lower. He or she may move in with family and friends and still receive full or partial temporary assistance based on eligible cost incurred. The housing rehabilitation loan specialist and/or the rehabilitation construction specialist will ensure that each tenant occupied unit under the program will receive a General Information Notice (GIN) (as soon as possible after a loan application is received) and the tenant will receive a Notice of Non-displacement (after loan approval), and each tenant occupied unit will have a temporary relocation benefits form completed for them. (See Appendix C). These notices will document that each tenant understands what their relocation rights are, and if they must relocate during the course of construction, that they receive the proper counseling and temporary relocation benefits.

1. Tenant receiving temporary relocation shall receive the following:

- a. Increased housing costs (e.g. rent increase, security deposits) and
- b. Payment for moving and related expenses, as follows:
 - 1) Transportation of the displaced persons and personal property within 50 miles, unless the grantee determines that farther relocation is justified.

2. Packing, crating, unpacking, and uncrating of personal property:

- a) Storage of personal property, not to exceed 180 days, unless the grantee determines that a longer period is necessary;
- b) Disconnection, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property;
- c) Insurance for the replacement value of personal property in connection with the move and necessary storage;
- d) The replacement value of property lost, stolen or damaged in the process of moving (not through the fault of the displaced person, his or her agent, or employee) where insurance covering such loss, theft or damage is not reasonably available;
- e) Reasonable and necessary costs of security deposits required to rent the replacement dwelling;
- f) Any costs of credit checks required to rent the replacement dwelling;
- g) Other moving related expenses as the grantee determines to be reasonable and necessary, except the following ineligible expenses:
- h)
 - 1) Interest on a loan to cover moving expenses
 - 2) Personal injury; or
 - 3) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant before the Grantee; or

- 4) Costs for storage of personal property on real property already owned or leased by the displaced person before the initiation of negotiations.

E. Rehabilitation Activities Requiring Permanent Displacement

The City rehabilitation program will not typically trigger permanent displacement and permanent displacement activities fall outside of the scope of this plan. If a case of permanent displacement is encountered, then the staff responsible for the rehabilitation program will consult with City legal counsel to decide if they have the capacity to conduct the permanent displacement activity. If local staff does not have the capacity, then a professional relocation consultant will be hired to do the counseling and benefit determination and implementation. If local staff does wish to do the permanent displacement activity then they will consult and follow the HUD Relocation Handbook 1378.

F. Rehabilitation Which Triggers Replacement Housing

If the City rehabilitation program assists a property where one or more units are eliminated then under Section 104 (d) of the Housing and Community Act of 1974, as amended applies and the City is required to replace those lost units. An example of this would be a duplex unit which is converted into a single-family unit. In all cases where rehabilitation activities will reduce the number of housing units in the jurisdiction, then the City must document that any lost units are replaced and any occupants of reduced units are given permanent relocation benefits (This does not apply to reconstruction or replacement housing done under a rehabilitation program where the existing unit(s) is demolished and replaced with a structure equal in size without in loss number of units or bedrooms.)

Replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City to provide funds for an activity that will directly result in such demolition or conversion, the City will make this activity public (through a noticed public hearing and/or publication in a newspaper of general circulation) and submit to the California Department of Housing and Community Development or the appropriate federal authority the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as targeted income group dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The location on a map and the approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of the replacement dwelling units;

6. The basis for concluding that each replacement dwelling unit will remain a targeted income group dwelling unit for at least 10 years from the date of initial occupancy; and,

7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a two-bedroom unit with two one-bedroom units) is consistent with the housing needs of targeted income group households in the jurisdiction.

The Grant's Coordinator at the City is responsible for tracking the replacement of housing and ensuring that it is provided within the required period. The City is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in CFR Section 570.606, to any targeted income group displaced by the demolition of any dwelling unit or the conversion of a targeted income group dwelling unit to another use in connection with an assisted activity.

G. Record Keeping and Relocation Disclosures/Notifications

The City will maintain records of occupants of Federally funded rehabilitated, reconstructed or demolished property from the start to completion of the project to demonstrate compliance with CFR Section 104(d), URA and applicable program regulations. Each rehabilitation project, which dictates temporary or permanent or replacement activities, will have a project description and documentation of assistance provided. (See sample forms in HUD Relocation Handbook 1378, Chapter 1, Appendix 11, form HUD-40054)

Appropriate advisory services will include reasonable advance written notice of (a) the date and approximate duration of the temporary relocation; (b) the address of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period; (c) the terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling.

Notices shall be written in plain, understandable primary language of the persons involved. Persons who are unable to read and understand the notice (e.g. illiterate, foreign language, or impaired vision or other disability) will be provided with appropriate translation/communication. Each notice will indicate the name and telephone number of a person who may be contacted for answers to questions or other needed help. The notices and process below are only for temporary relocation. If permanent relocation is involved then other sets of notice and noticing process and relocation benefits must be applied (See HUD relocation handbook 1378 for those forms and procedures) The Temporary Relocation Advisory Notices to be provided are as follows:

1. General Information Notice: As soon as feasible when an owner is applying for Federal financing for rehabilitation, reconstruction, or demolition, the owner of a housing unit will be mailed or hand delivered a General Information Notice that the project has been proposed and that the owner will be able to occupy his or her present house upon completion of rehabilitation. The owner will be informed that if he or she is required to move temporarily so that the rehabilitation can be completed, suitable housing will be made available and he or she will be reimbursed for all reasonable extra expenses. The owner will be cautioned that he or she will not be provided relocation assistance if he or she decides to move for personal reasons. **See Appendix A for sample notice to be delivered**

personally or by certified mail.

2. Notice of Non Displacement: As soon as feasible when the rehabilitation application has been approved, the owner will be informed that they will not be permanently displaced and that they are eligible for temporary relocation benefits because of lead based paint mitigation or substantial rehabilitation, or reconstruction of their unit. The owner will also again be cautioned not to move for personal reasons during rehabilitation, or risk losing relocation assistance. **See Appendix B for sample notice to be delivered personally or by certified mail.**
3. Disclosure of Temporary Relocation Benefits: This form is completed to document that the City is following its adopted temporary relocation plan for owner occupants. **See Appendix C for a copy of the disclosure form.**
4. Other Relocation/Displacement Notices: The above three notices are required for temporary relocation. If the City is attempting to provide permanent displacement benefits then there are a number of other folios which are required. Staff will consult HUD's Relocation Handbook 1378 and ensure that all the proper notices are provided for persons who are permanently displaced as a result of housing rehabilitation activities funded by CDBG or other federal programs.

APPENDIX A
Occupant Notification

(date)

Dear: _____

On (date), (property owner) submitted an application to the City of Rio Dell for financial assistance to rehabilitate the building which you occupy at (address) .

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact (name) , (title) , at (telephone number).

(address)

Sincerely,

(name)

(title)

APPENDIX B
Notice of Non-Displacement

(date)

Dear: _____

On (date), we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On (date), the owner's request was approved, and the repairs will begin soon.

This is a **Notice of Non-Displacement**. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact (name), (title), at (phone #), (address). Remember, do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

(name and title)

TEMPORARY RELOCATION BENEFITS-OCCUPANT ACKNOWLEDGEMENT

Property Address: _____

☐ Owner/Occupied Unit ☐ Rental Unit

A representative of the City of Rio Dell Housing Rehabilitation Program has explained the temporary relocation services and entitlements available.

I/we have been advised that the City of Rio Dell Housing Rehabilitation Program will be available to assist me if any questions arise, or as assistance is needed.

Acknowledged:

Occupant Signature

Date

Occupant Signature

Date

This portion to be completed at time of acceptance of Work Write Up by borrower

The Representative for the City of Rio Dell has explained the Work Write Up and Scope of Work for the Rehabilitation Program.

It was determined that the housing unit:

____ Will need to be vacant for all or part of the rehabilitation project

Length of temporary displacement: _____ days

____ Will NOT need to be vacant for all or part of the rehabilitation project

If temporary relocation is necessary, I/We elect to (check all that apply):

____ Relocate with friends and family

____ Relocate into suitable temporary rental replacement housing

____ Relocate furnishings only into suitable temporary storage rental

I/We elect to:

____ not use any temporary relocation benefits

____ want to use all or partial relocation benefits

By signing, occupant(s) acknowledge receipt of a copy of this form:

Occupant Signature

Date

Occupant Signature

Date

ATTACHMENT C

CITY OF RIO DELL HOUSING REHABILITATION PROGRAM GUIDELINES

PROGRAM OPTIONS FOR HOUSING REHABILITATION SELF-HELP COMPONENT and OWNER BUILDER SELF-HELP COMPONENT

Three program options will be available for accomplishing rehabilitation work under the CDBG program: 1) private contractor; 2) contractor/self-help combination; and 3) owner-builder as contractor. NOTE: All applicants who wish to do self-help construction or act as their own contractor on projects built on or before 1978 must provide all the necessary certifications to document that they and their workers are properly trained in working lead based paint.

The City rehabilitation staff must agree to the performance of any work by the owner. The owner/builder option (100% self-help) is restricted to persons with demonstrable experience in the construction trades and with sufficient time available to complete the work.

In the contractor/self-help option, the rehabilitation work is competitively bid, according to the same procedures in the guidelines. The specific tasks the owner wishes to perform are itemized in the Owner Participation Agreement, the Work Write-Up and the accepted bid.

If the self-help participant is unable to complete the sweat equity contribution within the agreed upon schedule, the contractor will be directed to do so and be paid out of the reserved loan amount. If the self-help contribution was a required match, the value of the work not completed becomes a loan with rates and terms set by local program guidelines.

INSTRUCTIONS TO PROPERTY OWNERS FOR SELF-HELP PARTICIPATION UNDER THE CDBG HOUSING REHABILITATION PROGRAM

Owners willing and able to do part of the work required to complete the rehabilitation of their homes may substantially reduce the costs of the job. To ensure that a rehabilitation project is completed within a reasonable time and in a quality manner, specific guidelines have been established as follows:

1. Owners shall submit an application to the City of Rio Dell stating their experience, work they intend to perform and the length of time needed to complete the work. All applications will be subject to review and approval by City.
2. The specific rehabilitation tasks to be performed by the owner shall be included and identified in the Work Write-Up and accepted bids. The CDBG loan amount will include all work to be performed, both contract and self-help, to ensure sufficient financing to cover any self-help tasks not completed.

3. Owners shall enter into a written contract with the City that contains terms and conditions under which the work is to be performed.
4. Owners will not be paid for any labor performed by the homeowners themselves or by members of their immediate family.
5. Work performed by persons other than the Owner or members of the immediate family must be included in a separate contract between the Owner and a qualified contractor.
6. Owners are responsible for scheduling and coordinating the rehabilitation work to ensure that it will be successfully completed within the time specified in the Owner Participation Agreement, and without causing delay for the contractor.
7. In cases where the Owner will operate as his/her general contractor, the Owners shall agree to correct all housing code violations and to obtain all necessary permits and inspections. Rehab work performed using the self-help method shall comply with all applicable codes and ordinances of the City. Upon satisfactory completion of the rehabilitation work and building permit sign-off, City/County will make a final inspection of the work to ensure that all contract conditions have been met. Final payment will not be made until all work write-up items are completed.
8. Payment Method: Reimbursements will be for materials only. Payments for materials will be made after materials are installed. Owner will provide receipts for all items purchased. Items purchased using CDBG funds may be used only for repairs to the CDBG-assisted unit. Any subcontractors used will be paid directly as per the terms and conditions stated in the Owner Participation Agreement.
9. It is understood that if the agreed upon work is not completed in a timely manner, the City reserves the right to direct the participating contractor (or in the case of the Owner as general contractor, to hire a contractor) to complete the tasks as outlined in the Work Write-Up.

My signature below indicates that I have received a copy of these instructions:

Owner's Signature

Date

Owner's Signature

Date

**OWNER PARTICIPATION AGREEMENT FOR SELF-HELP REHABILITATION OR
OWNER AS GENERAL CONTRACTOR**

This agreement is entered into on _____ between _____ hereinafter referred to as "Owner" and the City of Rio Dell, hereinafter referred to as "City." Owner hereby agrees to furnish all materials and provide all labor necessary to complete the rehabilitation work for the house located at _____ as specified in the attached Work Write-up.

All of the work specified in the Work Write-Up will be completed in substantial compliance as specified in the Work Write-Up and in a workman like manner for an amount not to exceed \$_____ dollars. All work must be completed within _____ days from the date of loan funding.

It is hereby agreed that should Owner be unable to complete the rehabilitation work specified in the Work Write-up within the period of time stated, the City has the option of either extending the deadline or hiring a licensed contractor to complete the job. The scope of work may be reduced if necessary.

The City's loan may be used only to fund the work detailed in the Work Write-up. Changes may only be made by a Change Order authorized by the City. Under no circumstances will the Owner be reimbursed for items which are not in the Work Write-up or included in duly authorized Change Orders.

Owner hereby agrees to perform all work in compliance with all local code requirements. Owner agrees to obtain all necessary permits and inspections. All debris accumulated from Owner's work is to be removed as it is generated. Owner agrees to provide a timesheet certification which verifies the exact number of hours spent by owner or volunteers in completing the work.

The Owner agrees to use only licensed, insured subcontractors and will submit bids to the City for review prior to entering into a signed contract. All bids shall include name, address, license number, a complete description of work to be performed, and contract amount. Only bids approved by the City will be eligible to receive payment using CDBG funds.

Owner will be reimbursed for material costs only. Owner must account for all funds received by providing receipts. All subcontractors used will be paid directly upon completion of their contract and inspection by the City. Upon completion of the rehabilitation work, Owner agrees to file a Notice of Completion at the City Clerk's office within ten days.

Owner's Signature

Date

Owner's Signature

Date

Rehabilitation Inspector Signature

Date

OWNER PARTICIPATION APPLICATION

Name: _____

Property Address: _____

TYPE OF WORK TO BE PERFORMED:

See attached Work Write-Up _____

I/We, _____ the owner(s) of the above-mentioned structure, wish to perform my/our own construction/rehabilitation work. I/We have previously performed in a similar capacity City at the following address:

Experience in the construction trades includes the following: _____

Contractor License Type and #: _____

For Projects built prior to 1978:

Attached are all the necessary lead based paint certifications for this project:

I/We believe I/We can perform in the capacity as owner builder or self help contractor for the following reasons:

(Attach additional sheet(s) as necessary)

Owner's Signature,

Date

PARTICIPANT CONTRIBUTIONS LABOR DETAIL

Participant: _____ Project: _____

Address: _____ Job No. _____

PARTICIPANT CONTRIBUTIONS						
	Type: (Labor, Materials, Personal Finances, etc.)	Description	Estimated Completion Date	Estimated Hours	Actual Hours	Actual Value Hours x \$10.00
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
TOTAL						

ATTACHMENT D

CITY OF RIO DELL HOUSING REHABILITATION PROGRAM GUIDELINES

RENT LIMITATION AGREEMENT

INSTRUCTIONS FOR OWNER-INVESTORS

A) Goals of the Program:

The City of Rio Dell Community Development Block Grant (CDBG) rehabilitation program was designed with the following primary goals:

1. To ensure that all low-income households have housing which meets basic health and safety standards; and
2. To ensure long-term affordability of rental housing for low-income households; and
3. To prevent displacement of low-income households from rental housing in accordance with federal relocation law.

B) Requirements for Participation in the Program:

In order to achieve these goals, the City of Rio Dell has designed specific guidelines for the program. These guidelines outline how to become a participant in the CDBG rental program. The basic guidelines state that an owner-investor must meet the following requirements:

1. Location: The property must be located within the within the city limits of the City of Rio Dell and within the designated CDBG target area;
2. Low-Income Benefit: Must be currently renting the unit(s) to a low-income household. If currently vacant, must agree to rent to a low-income household after rehabilitation improvements are made;
3. Displacement: Must be able to prove that no renter has been forced to vacate for reasons relating to the CDBG program; and that if voluntary relocation occurs, the relocated tenant will receive the absolute right to return after rehabilitation is complete;
4. Rent Limitation: Must agree to comply fully with a Rent Limitation Agreement (RLA) limiting amount of monthly rent for the term of the Loan Agreement.

If these requirements can be met by the rental property owner, staff will begin to process an application for assistance by verifying the income of the renter household and the current

monthly rent. At loan closing, the (RLA) is recorded against all qualified properties. See official program guidelines for more a detailed explanation of program requirements and restrictions.

C) Terms and Conditions of Rent Limitation Agreement:

The RLA contains terms and conditions to ensure achievement of the program goals stated above.

To meet the first goal the owner-investor must understand and agree that any rehabilitation done on the property must first address basic health and safety items, and that general property improvements are not allowed.

To meet the second goal the owner must agree not to raise the rent above the local Section 8 Fair Market Rent Schedule on any unit(s) under the RLA for the term of the Loan Agreement. If the current tenant is paying more than the currently published HUD fair market rents, then the owner investor must agree to reduce the rent to the Fair Market Level at the time of loan closing and investment of CDBG funds. If the rent is below Fair Market Rate then the rent is frozen at the time the owner-investor applies to the program and may not be changed until the construction is completed. If the investor wants to raise the rent after construction and during the term of the RLA then they must give the tenants 60 days' notice and not raise the rent above HUD current Fair Market Rates.

If the unit(s) is vacant at the time of application and rehabilitation or becomes vacant during the term of the RLA, then maximum rent charges for the unit(s) will not exceed Section 8 Fair Market Rent Schedule, including average utilities. (A table showing the current maximum rates based on the Section 8 Fair Market Rate is included in this attachment.) These rates can and may change over the term of the RLA.

To meet the third goal of the rehabilitation program, the City of Rio Dell will present a letter to the tenant(s) of the unit(s) being qualified, informing them of the owner-investors intentions for entering the program and all rights they have under federal regulations. (See ATTACHMENT B for sample letters.) If the tenant is displaced due to the rehabilitation, the City of Rio Dell has funds available to pay for relocation. After rehabilitation is complete, the existing tenant has the absolute first right to return if they choose.

D) Implementation and Monitoring of Rent Limitation Agreement:

When the owner-investor signs the loan agreement they will also be required to submit a completed, notarized RLA. In addition, they shall complete the first rent verification form and have their tenant submit a verification form to the Finance Director or designee. Once these documents are secured, the RLA will be filed with the County Clerk.

Staff of the City of Rio Dell will continue to monitor compliance with the terms of the RLA until its expiration date. Rent/Income Verification letters are prepared in advance for each year. These letters are set up in files to be sent and processed at appropriate yearly intervals.

For each year in which the RLA remains in effect, Rent Verifications must be signed by both the owner and the current tenant household and returned to the City of Rio Dell within one month from receipt. Staff will cross-check the information supplied by tenant and owner for compliance and file the information.

Should any violations be discovered, the owner-investor will be notified and instructed to remedy the violation immediately. Any overcharges will be credited to the tenant household. If the situation is not remedied so that the owner-investor is brought into compliance with the terms of the RLA, then the owner-investor will be notified that they are in default and the City of Rio Dell may require immediate repayment of the CDBG loan and any processing fees associated with the original loan and the collection of said loan; require repayment of excess rent to tenants; seek an injunction against any violation of the RLA; request judicial appointment of a receiver to take over and operate the property in accordance with the terms of the RLA; or seek other relief as appropriate.

E) Change of Title or Occupancy:

In all cases, the original owner-investor is subject to terms of the Uniform Relocation Act and the Section 104 (d) of the Housing and Community Development Act of 1974.

When a rental property with an unexpired RLA is sold to a person who will occupy the property as his or her principal residence (or who will otherwise require the existing tenant to move), the current tenant must be given 90 days' notice to vacate and must be paid relocation costs for the duration of the RLA. Relocation costs are equal to the difference between the tenant's rent under the RLA and what it will cost the tenant to rent comparable housing for the duration of the RLA.

Any change in title or occupancy will have an effect on the conditions of the RLA and the owner-investor should be informed and aware of all the possible repercussions of a change in title or occupancy. The program guidelines give detailed explanations of the repercussions of changing title or occupancy. Please read the program guidelines carefully and ask the Finance Director or designee any questions you may have. In addition, you must notify the City or its designee if you are planning to make any changes in tenant occupancy or property ownership.

F) Release of Rent Limitation Agreement:

The RLA will be released upon full repayment of the rehabilitation loan amount.

RENT LIMITATION AGREEMENT
INSTRUCTIONS FOR PROGRAM ADMINISTRATOR

A) Processing a Rent Limitation Agreement:

1. When an owner-investor requests that an application for the CDBG program be processed they must be made aware of the RLA and their tenants must be made aware of the owner-investors intentions and sent relocation information.
2. After verification of the rent and income of the existing tenant(s), both the landlord and tenant(s) must be notified that until the RLA is signed and filed, no rent increases can take place, until after the construction is completed. Any future rent increase must be up to the current HUD Fair Market Rents for the community. If the rents are above HUD Fair Market Rents and low-income families are forced to move out because of that, then those families are eligible for permanent relocation benefits under Section 104 (d).
3. Lastly, ensure the proper documents are obtained and filed at the County Clerk at the time of loan processing, and that the proper RLA monitoring files are put in place.

B) Instructions for Obtaining Rent Limitation Agreement Verification:

By January 1, every year, the Request for Rent Limitation Agreement Verification must be sent out by the City of Rio Dell to all owner-investors with RLAs in affect. These forms are in the City of Rio Dell file, labeled "Rent Limitation — Owner-Investor Letter." A duplicate set of these forms are also in each owner-investor's file. In addition, the Confirmation of Rent/Income form must be sent to all assisted tenant/unit(s) under the agreement. Both forms should be returned to the City by January 15th.

2. Upon receipt of the form from the owner, check it to see that the rent has not been raised more than allowed (original rent and subsequent years will be shown and recorded on the master list). In cases of vacancies or new tenants, check to see if the new rental rates are within the approved Fair Market Rent Schedule limits.
3. The City of Rio Dell will cross-check information provided by the property owner with information provided by the tenant. When the owner and renter have complied, file the completed forms in the owner's file and discard the duplicate form for that year. If the rent has been increased more than allowable, the owner must be advised that they have violated the Rent Limitation Agreement and must reduce the rent accordingly.
4. Once the 5 years of the Agreement has passed, the owner-investor is contacted for renewal of the RLA. If they do not renew, the release document is filed at the City of Rio Dell and the debt becomes due and payable. If they choose to renew the RLA then a new RLA is drawn up, signed, and filed with the County Clerk and the deferred loan renewed for 5 years.

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

City of Rio Dell

675 Wildwood Avenue

Rio Dell, CA 95562

RENT LIMITATION AND TENANCY SCHEDULE AGREEMENT

This Rent Limitation and Tenancy Schedule Agreement is executed this _____ day of

_____, 20____, by _____

(hereinafter referred to as "Borrower") in consideration of the receipt of a Community Development Block Grant rehabilitation loan for health and safety repairs to real property in the City of Rio Dell, State of California described as follows:

*** LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF***

Borrower agrees to operate the property described in accordance with the following terms:

1. In no instance shall any rent increase raise the rent above the U.S. Department of Housing and Urban Development Section 8, Fair Market Rent (FMR) schedule. If the current rents are above HUD's currently published fair market rents at the time of loan application then as part of accepting these funds, the Borrower agrees to lower the rents such that all the units in the project being assisted with CDBG funds have rents at or below HUD's currently published Fair Market Rents.
2. Of the one unit(s) subject to this Agreement, one unit(s) shall be available to and rented by low-income persons upon each vacancy created by the vacation of an existing tenant.
3. Occupied Units
 - a. If displaced, existing tenants will have an absolute right of return after rehabilitation is complete.
 - b. Units initially occupied by non-low-income households which become vacant shall be rented to low-income households in accordance with Section 5 of this agreement.
 - c. Rents shall remain at pre-loan application levels until rehabilitation improvements are completed as evidenced by the Notice of Completion.

d. At the completion of rehabilitation, monthly rent including estimated average utility cost does not exceed the lesser of:

- 1) HUD's currently published Fair Market Rent
- 2) the tenant's monthly rent and estimated average monthly utility cost at pre-loan application level; or
- 3) 30 percent of the gross household income.

4. Units Vacant at the time of Rehabilitation

Initial rent charges shall not exceed HUD's currently published Fair Market Rent Schedule.

5. Units Vacated within the term of the Rent Limitation Agreement

Upon vacancy of any unit(s) under this Agreement, Borrower shall agree to rent such unit(s) to low-income families. Rents may not be increased above HUD's currently published Fair Market Rent.

6. The following are the maximum rents which may be charged during the first year after rehabilitation has been completed, subject to annual adjustment based on changes in the FMR schedule, notwithstanding any change(s) of ownership or transfer(s) of the property:

<u>Unit #</u>	<u>Unit Size (# of Bedrooms)</u>	<u>Monthly Rent</u>		<u>Utility Costs</u>		<u>Total</u>
	<u>Efficiency</u>	<u>\$812</u>	<u>±</u>		<u>=</u>	
	<u>1 Bedroom</u>	<u>\$907</u>	<u>±</u>		<u>=</u>	
	<u>2 Bedroom</u>	<u>\$1,183</u>	<u>±</u>		<u>=</u>	
	<u>3 Bedroom</u>	<u>\$1,681</u>	<u>±</u>		<u>=</u>	
	<u>4 Bedroom</u>	<u>\$2,015</u>	<u>±</u>		<u>=</u>	

a. In every case of proposed rent increase, the tenant(s) affected shall receive written notice of the amount of the increase at least 60 days prior to the proposed date of such increase. In no case shall the rent be raised above HUD Fair Market Rates.

b. Borrower shall annually provide the City with a written list of current occupants' name and monthly rents by January 15th each year for five (5) years. The City of Rio Dell may verify this information with the applicant.

7. Borrower acknowledges that should: 1) a non-low-income family occupy the unit; or 2) rents in excess of those permitted by this Agreement are charged, this will be cause for appropriate action to be taken by the City of Rio Dell. This action will include but not be limited to:

declaring a default and accelerating repayment of the Community Development Block Grant Loan; requiring repayment of excess rents to tenants; seeking an injunction against any violation to this Agreement; requesting the judicial appointment of a receiver to take over and operate the property in accordance with the terms of this Agreement; or seeking such other relief as may be appropriate.

8. The Rent limitation Agreement will be monitored by City of Rio Dell, or their agent. In addition, compliance with the Agreement may be monitored by representatives of the State of California.
9. These terms will remain in effect for a period of five (5) years from the date of filing the project's Notice of Completion. The original Borrower is subject to the Uniform Relocation Act and Section 104 (d) of the Housing and Community Development Act of 1974. The Borrower shall follow and abide by the City of Rio Dell program guidelines in all cases, especially in regard to changes in title and occupancy of the designated units under this agreement.
10. The conditions and restrictions affecting the real property subject to this agreement shall be independent of any Deed of Trust, shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof, including agents, personal representatives, mortgagors, heirs, assignors and all successors in interest. Borrower agrees that reference to this agreement shall be inserted in any subsequent deeds and other legal instruments by which subject property or any interest therein is conveyed.
11. The provisions of this Agreement are in addition to and do not alter, modify, or set aside in any respect, any other instrument securing the loan.

SIGNATURES:

Borrower: _____

Borrower: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Humboldt

On _____ before me, _____

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

HOUSING REHABILITATION PROGRAM
CONFIRMATION OF RENT and INCOME

DATE: _____

TO: OCCUPANT

Street Address

City State Zip

INSTRUCTIONS: Please provide the following information and return this form,
signed and dated, by January 15th to the City of Rio Dell, Housing
Program, 675 Wildwood Avenue, Rio Dell, CA. 95562

RENT CONFIRMATION:

I CONFIRM THAT I AM PAYING \$ MONTHLY RENT. I HAVE
BEEN PAYING THIS AMOUNT SINCE (DATE) _____.

I PAY FOR THE FOLLOWING UTILITIES:

	<u>YES</u>	<u>NO</u>	<u>AMOUNT</u>
<u>WATER & SEWER</u>			
<u>ELECTRICITY</u>			
<u>GAS</u>			
<u>PHONE</u>			
<u>CABLE/SATELLITE</u>			
<u>OTHER</u>			

INCOME CONFIRMATION:

My GROSS INCOME (BEFORE TAXES) for the previous year was \$ _____

Tenant Signature

Date

CITY OF RIO DELL
HOUSING REHABILITATION PROGRAM RENT LIMITATION AGREEMENT
VERIFICATION

DATE:

SEND TO:

OWNER(S) NAME:

ADDRESS:

PHONE NO.:

OWNER: Please provide the following information and return this verification, signed and dated, by January 15th to the City of Rio Dell, Housing Rehabilitation Program, 675 Wildwood Ave., Rio Dell, CA 95562.

RENTAL UNIT LOCATED AT:

Street Address

City

State

Zip

NAME OF CURRENT OCCUPANT:

MONTHLY RENT OF THE ABOVE DATE: \$

CERTIFICATION

I certify that the information given in this form is true and accurate to the best of knowledge. I am aware that there are penalties for willfully and knowingly giving false information. I understand that the information on this form is subject to verification. Penalties for falsifying information may include repayment of all assistance received, or prosecution under the law.

Signature

Date

CITY OF RIO DELL
HOUSING REHABILITATION PROGRAM RENTAL LIMITATION SCHEDULE

<u>2023 HUD Fair Market Rent Schedule for Humboldt County:</u>					
<u>No. of Bedrooms</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<u>2012 Rent Limitation</u>	<u>\$812</u>	<u>\$907</u>	<u>\$1,183</u>	<u>\$1,681</u>	<u>\$2,015</u>

At no time can the rent of a tenant exceed the Fair Market Rent Schedule. These guidelines are updated every year and may change. If you wish to check the status of the schedule call the City and ask them to check the status of the schedule. Also, if you have any questions about the schedule or program, please call the City at (707) 764-3532.

Recording Requested by:

When Recorded Mail to:

City of Rio Dell

675 Wildwood Avenue

Rio Dell, CA. 95562

RELEASE FOR RENT LIMITATION AGREEMENT

1. We the undersigned, hereby formally acknowledge and attest that the Rent Limitation Agreement executed by us, effective _____ and recorded at the Humboldt County Recorder's Office on _____ as Document No. _____, has expired by its terms and is no longer in effect.
2. The subject real property at _____ is hereby released.
3. Lender hereby irrevocably waives and releases any right, title, or interest it may have in the subject real property as conveyed by the aforesaid agreement; reserving to itself all other remedies it may have arising under the aforesaid agreement.
4. This release from rental agreement is separate and apart from any extant rights, title or interest which Lender may own or assert under any deed of trust on or other encumbrance of the subject real property.

City of Rio Dell

Date

Owner

Date

Owner

Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Humboldt

On _____ before me, _____, **Notary Public**, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of Humboldt

ATTACHMENT E

LOAN SERVICING POLICIES AND PROCEDURES FOR THE CITY OF RIO DELL

The City of Rio Dell, here after called "Lender" has adopted these policies and procedures in order to preserve its financial interest in properties, who's "Borrowers" have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the follow areas: 1) making required monthly payments or voluntary payments on a loan's principle and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) process of foreclosure in case of default on the loan.

A) Loan Repayments:

The Lender will collect monthly payments from those borrowers who are obligated to do so under an Installment Note, which are amortized promissory notes, (or Lender will use loan collection company to collect payments). Late fees will be charged for payments received after the assigned monthly date.

For Straight Notes, which are deferred payment loans; the Lender may accept voluntary payments on the loan. Loan payments will be credited to the interest first and then to principal. The borrower may repay the loan balance at any time with no penalty.

B) Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee in first position or additional insured if the loan is a second mortgage. If borrower fails to maintain the necessary insurance, the Lender 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.

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 lender may check the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan. Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

C) Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lien holder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lien holder, it is in their best interest to contact any other senior lien holders regarding the status of their loans.

D) Required Rent Limitation Agreement for Investor Properties:

All owner investor properties which receive loans from the Lender will be required to enter into a rent limitation agreement which restricts the tenants and the rents on the property for a fixed period of time, depending on the public funds used. The rent limitation agreement will be recorded on title of the property and non-compliance with this agreement can lead to foreclosure action by the Lender. The rent limitation agreement will be monitored annually to ensure that low or very low-income households occupy the assisted investor units and that the rents charged to those households is affordable. In some cases the units must be inspected annually to ensure that they are up to minimum health and safety standards. At the end of the designated affordability period, the Lender will release the Borrower from the rent limitation agreement.

E) Annual Occupancy Restrictions and Certifications:

On some owner occupant loans the Lender may require that Borrowers submit utility bills and/or other documentation annually to prove occupancy during the term of the loan. Other loans may have income and housing cost evaluations, which require a household to document that they are not able to make repayments, typically every five years. These loan terms are incorporated in the original note and deed of trust.

F) Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and borrower will work together to ensure the property is kept in compliance with the original program terms and conditions such that it remains available as an affordable home for low income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to the Targeted Income Group (TIG) families.

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Committee.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on family size and household income, provided the heir is in the TIG. If the heir intends to occupy the property and is non-TIG, the balance of the loan is due and payable. All such changes are subject to the review and approval of the Lender's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner occupied to rental, the loan is due in full. If the Borrower or new owner investor requests that the existing loan be assumed and agrees to the current Lender rates and terms for owner investor properties and the rent limitation agreement, then the outstanding balance may be refinanced, subject to the review and approval of the Lender's Loan Committee.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business but the family still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

G) Requests for Subordinations:

When a Borrower wishes to refinance the property, they must request a subordination request to the Lender. The Lender 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 family with a lower interest rate and the total indebtedness on the property should not exceed the current market value.

Upon receiving the proper documentation from the refinance agency, the request will be considered by the lender for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Lender.

H) Process for Loan Foreclosure:

Upon any condition of loan default: 1) nonpayment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; 4) default on senior loans, violations of the requirements stated in the loan documents: the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lien holder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lien holder, may cancel the foreclosure proceedings by "reinstating" the senior lien holder. The reinstatement amount, or payoff amount must be obtained by contacting the senior lien holder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lien holder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lien holder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lien holder in full, then they may choose to cure the senior lien holder and foreclose on the property themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lien holder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lien holder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lien holder before five (5) days prior to the foreclosure sale date, the senior lien holder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lien holder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

1) Lender As Senior Lien Holder

When the Lender is first position as a senior lien holder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

- 1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?
- 2) Can the Borrower refinance with a private lender and pay off the Lender?
- 3) Can the Borrower sell the property and pay off the Lender?
- 4) Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)
- 5) 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 Lender 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 Lender to prevent foreclosure (such as, funds to bring a delinquent BMIR current or pay off a DPL).

At the end of thirty days, the Lender 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 Lender 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 Lender 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 Lender 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 Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT F

CITY OF RIO DELL HOUSING REHABILITATION PROGRAM GUIDELINES

GUIDELINES FOR RELIEF OF OVERCROWDING AND TEST FOR RECONSTRUCTION STATUS

CDBG Standards for Unit Occupancy								
Unit Size (# of Bedrooms)	SRO	0	1	2	3	4	5	6
Max. No. of Persons in Household	1	1	2	4	6	8	10	12

Room and Bathroom Additions

- Opposite sex children under 6 years of age may share a bedroom.
- Opposite sex children 6 years of age and older may have their own bedroom.
- Children shall be permitted a separate bedroom from their parents.
- Same sex children of any age may share a bedroom.
- 5 or more people - a second bathroom may be added.
- 10 or more people - a third bathroom may be added.
- Same rules apply to mobile home units.

**INCLUDE A COPY OF THIS WITH DOCUMENTATION OF
OVERCROWDING AND WHAT RELIEF YOU ARE PROPOSING IN
YOUR PROJECT FILE.**

TEST FOR RECONSTRUCTION

Date: _____

Contract #: _____

Property Address: _____

CDBG Program Administrator: _____

Yes No

- ☐ ☐ Does the structure meet the definition of a dwelling? A dwelling must have cooking, eating, sleeping, sanitation facilities and have been legally occupied as a residence.
- ☐ ☐ Has legal occupancy and residential use been established during the preceding 12 months or was the dwelling ordered vacated by a local official within the last six (6) months?
- ☐ ☐ Is the cost to reconstruct the dwelling less than the cost of rehabilitating it?
Cost to Rehabilitate the Dwelling = \$ _____
Cost to Reconstruct the Dwelling = \$ _____
- ☐ ☐ Is the estimated cost to reconstruct (including demolition and site preparation) less than the **Fair Market Value** (FMV) of the reconstructed dwelling?
Estimated FMV of Dwelling Including Land = \$ _____
Cost to Reconstruct the Dwelling = \$ _____
- ☐ ☐ Is the cost to reconstruct the dwelling less than the cost of a comparable newly constructed dwelling?
Cost to Reconstruct the Dwelling Including Land = \$ _____
Cost of Newly Const. Dwelling Including Land = \$ _____

Attach the following documents and certification to support this determination:

- ☐ Staff Rehabilitation Cost Estimate.
- ☐ Staff Reconstruction Cost Estimate.

☐ An Appraisal which shows the Estimated Fair Market Value of the Dwelling after Reconstruction, Including Land.

☐ Estimated Value of Comparable New Construction, Including Land.

I, (_____ Name & Title _____), the official designated for CDBG activities by the governing body for the City of Rio Dell, certify that the following statements are true and that supporting documentation is on file at 675 Wildwood Avenue, Rio Dell, CA. 95562:

1. Subject dwelling has been occupied during the preceding 12 months or it was ordered vacated by order of the local building official within the last six (6) months.
2. The dwelling to be rehabilitated is located within a defined "neighborhood rehabilitation area" for this jurisdiction.
3. An eligible TIG household will reside in the reconstructed dwelling after completion.
4. An eligible TIG household is the legal owner of the reconstructed dwelling.

Signature of Local Official

Date

ATTACHMENT G

CITY OF RIO DELL HOUSING REHABILITATION PROGRAM GUIDELINES PROJECT SPECIFIC NEPA REVIEW AND LEAD HAZARD CHECKLIST

REHABILITATION ENVIRONMENTAL REVIEW FOR EACH PROPERTY UNDER REHABILITATION PROGRAM

APPENDIX A 2004

(All previous versions are obsolete)

This Appendix A must be completed for each residential structure proposed for minor rehabilitation and/or acquisition before HUD funds are committed to specific projects. It may be used only in conjunction with a currently valid RER (Rehabilitation Environmental Review) form. Completion of the Appendix A will not require the submission of an additional RROF/EC (Request for Release of Funds/ Environmental Certification) if it was submitted at the conclusion of the RER, unless there are unanticipated impacts/circumstances which have previously not been adequately addressed.

Building Address: _____

Part III HISTORIC PRESERVATION

1. Does the project involve only those activities permitted without further consultation under a currently valid **programmatic agreement** among the responsible entity, the State Historic Preservation Officer (**SHPO**) or Tribal Historic Preservation Officer (**THPO**) and/or the Advisory Council on Historic Preservation?

☐ Yes ☐ No If yes, note date of programmatic agreement and STOP here; the Section 106 Historic Preservation review is complete. If no, PROCEED.

2. Does the project involve only acquisition and/or minor, interior rehabilitation of a 1-4 unit residential structure that is **less than 50 years old**, with **no visible changes to the exterior** and **no potential to cause effects** on historic properties per §800.3(a)(1)?

☐ Yes ☐ No If Yes, record date of building construction, age: _____ years, and STOP here. The Section 106 Historic Preservation review part is complete. If No, PROCEED.

3. If the proposed rehabilitation involves exterior physical work on any structure, **determine** -in consultation with the appropriate **SHPO/THPO**- whether the building is **listed or eligible** for inclusion in the National Register of Historic Places (NR).

Is the building listed in or eligible for listing in the NR?

☐ Yes ☐ No If No, attach SHPO/THPO concurrence or other evidence of conclusion and STOP here. This part is complete pursuant to 36 CFR §800.4(d). If Yes, Proceed.

4. Determine whether historic properties are affected per §800.4(d). Has SHPO/THPO concurred with your fully documented determination of "no historic properties affected", or failed to object within 30 days of receipt of such determination?

☐ Yes. Enclose documentation and stop here. Section 106 review is complete. ☐ No. Proceed.

5. Determine whether the project will have adverse effect on historic properties according to § 800.5, in consultation with the SHPO/THPO and consulting parties [see §800.2(c)]. Will this project have an adverse effect on historic properties?

☐ Yes ☐ No If "no", attach SHPO/THPO concurrence and STOP here. This part is complete per 36 CFR §800.5(d)(1). If "yes", PROCEED.

6. Resolve Adverse Effects per §800.6 -in consultation with the SHPO/THPO, the Advisory Council on Historic Preservation (ACHP) if participating, and any consulting parties. The loan or grant may not be approved until adverse effects are resolved according to §800.6 or ACHP comment is considered by the Responsible Entity.

NOTES: 1. The determination/consultation of eligibility for the NR, may be sent to SHPO/THPO concurrently with the determination/consultation of effect or no effect and with the determination/consultation of adverse/no adverse effects. 2. The jurisdiction's Chief Executive Officer cannot delegate the decision to approve a project in opposition to Advisory Council comment. 3. Keep copies of this form, all SHPO/THPO and ACHP correspondence in the ERR as evidence of compliance with Section 106 of the National Historic Preservation Act.

PART IV AIRPORT CLEAR ZONES

1. Does this project involve the purchase or sale of existing property?

☐ Yes ☐ No If no, STOP here. This part is complete, pursuant to 24 CFR Subpart D §51.302. If yes, PROCEED.

2. Is the subject property located in the Clear Zone (CZ), Approach Protection Zone, or in the Runway Clear Zone (RCZ) of a commercial civil airport or military airfield?

☐ Yes ☐ No

Source Documentation: _____. If no, STOP here; this part is complete. If yes, PROCEED. Provide a disclosure statement advising the buyer that the property is in a RCZ or CZ, what the implications of such a location are and that there is a

possibility that the property may, at a later date, be acquired by the airport operator. Obtain the buyer's signature acknowledging receipt of this information and attach it to this Appendix. (This disclosure requirement does not apply to Accident Potential Zones).

PART V EXPLOSIVE & FLAMMABLE OPERATIONS

1. Will this proposed acquisition/rehabilitation project result in increased residential density or cause a vacant building to become physically or legally habitable?

☐ Yes ☐ No If the answer to both parts of the question is No, STOP HERE. This part is complete per 24 CFR §51.201. If the answer is Yes, PROCEED.

2. Is this proposed project within 1 mile of any visible, explosive-or-flammable-substance container (a stationary, above-ground tank with a capacity of more than 100 gallons)?

☐ Yes ☐ No (See 24 CFR 51C, Appendices I and II).

Field inspection by: _____; Date: _____
If No, STOP here. This part is complete. If yes, PROCEED.

3. Note Tank volume: _____ gallons, or diked area around tank: _____ square feet.
Record distance from the project to the flammable/explosives container: _____ feet.

4. According to HUD Guidebook "Siting of HUD-Assisted Projects Near Hazardous Facilities" (HUD-1060-CPD), the Acceptable Separation Distance (ASD) for both, blast overpressure and thermal radiation is: _____ feet. (The applicable ASD [see Appendix F for Thermal Radiation or Appendix G for Blast Overpressure] is the greater of the two distances). The project is located at an Acceptable Separation Distance according to Appendices F and G:

☐ Yes ☐ No If yes, STOP here; this part is complete. If no, ☐ DENY PROJECT APPROVAL, or ☐ APPROVE only with the following mitigation measures designed in compliance with 24 CFR §51.205:

PART VI TOXIC/HAZARDOUS/RADIOACTIVE MATERIALS, CONTAMINATION,

Chemicals or Gases (24 CFR 58.5(i)(2))

1. Are there visible dumps, landfills, industrial sites or other locations containing or releasing toxic/hazardous/ radioactive/ materials, chemicals or hazardous wastes on or near the subject site?

☐ Yes ☐ No Proceed.

2. Does this project site contain an underground tank (which is not a residential fuel tank)?

☐ Yes ☐ No Proceed.

Field inspection by: _____; Date: _____

3. Do Federal, State or local environmental records sources reveal nearby on or nearby sites that may pose threats to the subject site occupants' health or safety?

☐ Yes ☐ No. Document, proceed. Environmental Records Sources researched:

4. **Determination:** Is the subject property is free of hazardous materials, contamination, toxic chemicals, gases and radioactive substances which could affect the health or safety of occupants or conflict with the intended use of the property?

☐ Yes ☐ No If yes, the proposal is in compliance with HUD environmental policy on toxic/hazardous substances. If no, proceed.

5. Gather all pertinent information about the on-site or nearby toxic hazard - e.g. waste characteristics, quantity, distance, prevailing wind direction, direction of slope, etc. Contact the State Department of Health Services or Air Quality Management District (in California), as needed, for assistance in assessing exposure to health hazards. Determine whether nearby toxic, hazardous or radioactive substances could affect the health and safety of project occupants.

6. Mitigate the adverse environmental condition by shielding, removing or encapsulating the toxic substances in accordance with the requirements of the appropriate Federal, state or local oversight agency; OR reject the subject proposal. DENY HUD ASSISTANCE if, after mitigation, the housing is still determined to be in an UNSAFE OR UNHEALTHY ENVIRONMENT. Attach all pertinent documentation.

Preparer Name and Title	Signature	Date
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Responsible Entity Official-Name and Title	Signature	Date
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CDBG LBP Checklist for Rehabilitation

Name of Applicant	Address	Date
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1. _____ If the house was completed prior to 1/1/78, go on to #2. If the house was completed on or after 1/1/78, **STOP**, you are done w/your LBP. Provide proof of age. Use certificate of insurance, final sign off, or occupancy date.

2. _____ Does the dwelling meet any of the exemptions listed in chapter 20 of the Grant Management Manual? If so, **STOP**, you are done w/your LBP requirements. Use LBP-1 to document. List exemption _____. If not, proceed to #3.

3. _____ Provide "How to Protect Your Family From Lead" pamphlet to recipients/occupants and retain proof of receipt. For tenants, use "Renter's Lead-Based Paint Disclosure" form found in Section 19 of this chapter. Use renter form, at a minimum, as long as the RLA is effective.

4. _____ Obtain work write up. Intent Policy: Any LBP hazards identified outside work write up subject to mitigation controls required by Federal Rehabilitation Assistance Categories (see p.20-17), and must "work safe" on activities in work write up. Determine if a presumption strategy is beneficial for this dwelling. (see p.20-19) If presuming LBP, notice using Notice of Presumption, CDBG form LBP-1, and no RA required. If RA opted for, go to #5.

5. _____ Procure DHS certified risk assessor/inspector for the RA and obtain proof of Certification.

Note: May proceed with RA, or proceed with abbreviated evaluation, the Lead Hazard Screen (LHS). LHS is property-wide, not for one portion of the dwelling. If LHS results are negative for LBP, then may begin the rehab w/o LBP concerns. If the LHS results are positive for LBP, then must proceed with an RA. In either case, within 15 days, notice and retain copies of the appropriate notice. Use DHS form 8552.

6. _____ Address any relocation due to LBP work. See GMM, chapter 6.

7. _____ Procure rehab contractor for work write up and use appropriate workers/supervisor (pp.20-17 & 20-20 (a)-(c)). At a minimum, must "work safe."

8. _____ For identified LBP hazards called out in the RA, procure DHS certified LBP contractor and determine which LBP mitigation method(s) to use in the home.

9. _____ Prior to work starting, notice and retain copy of DHS form 8551, Abatement of Lead Hazards Notification, which provides information about LBP work to be done.

10. _____ Have the rehab and LBP work done and obtain proof of training (DHS certification for supervisor and all workers, work safe training, etc.). See p.20-17 & 2020 (a)-(c).

11. _____ Obtain clearance report, using DHS form 8552, Lead Hazards Evaluation Report (and DHS form 8551, when clearing abatement projects). Clearance report cannot be done by the same business entity that performed any evaluated component. Obtain proof of DHS RA certification.

12. _____ Within 15 days of LBP hazard work being finalized, notice and retain copy of Notice of Hazard Reduction Activity. Use CDBG form LBP-1.

DRAFT

ATTACHMENT H

ALLOWABLE WORK IN CDBG HOME REHABILITATION PROGRAMS

Each repair or replacement item in a federally funded housing rehabilitation project available through the City is required to address HEALTH AND SAFETY (H & S) CONCERNS OR STRUCTURAL ISSUES. This also includes work related to energy efficiency, fire safety, and weather integrity. Items other than health and safety or structural related are defined as "general property improvements" (GPIs) and are not *normally* allowable in this program due to limited new funding availability and high demand for existing available funds throughout the community.

All identified H & S work items must be rectified within the loan. If this is not possible, the project will be rejected by the program.

It must be fully understood by the borrower that some H & S work items may not or cannot be identified in the inspection process—many potential hazards are hidden from view in a completed residence (electrical/plumbing/venting in the walls, inaccessible areas of foundation and attic, wood compromised by rot or infestation, etc.). Every effort will be made to identify all H & S hazards, including seeking input from the homeowner on their experience with the house, and, under certain circumstances, experts in pest control and specific sub-trades may be requested to complete inspections on certain elements when the program inspector or the homeowner believe this is the best action. All pre-1978 homes will be assessed for lead hazards by approved lead specialists and all required hazard elimination and clearances will be completed, with up to \$5000 in *grants* available for this hazard reduction.

The rules set forth below attempt to cover as many possible rehabilitation issues as possible, but are not exhaustive. Exceptions to these rules or potential items not considered in the rules will be dealt with on a case-by-case basis by the Program Inspector and the Housing Advisory Committee.

EXTERIOR WORK

SITE: The state and/or federal regulations are fairly specific about working only on work items within the boundary of the eaves of the subject residence. Generally, no site work is allowed: no landscaping, driveways, walkways, etc. unless existing are considered H & S issues and are necessary to the welfare of the homeowner. Lead is the only reason required by the regulations for working outside the eaves of the residence (other structures on site).

ITEMS ALLOWED:

1. For people with medically verifiable access issues: safe access to the house entry from primary parking area. A doctor's letter stating that this work is necessary to the welfare of the homeowner/resident must be in the client file before approval of this work will be

considered.

2. Borrower may be required to pay for sidewalks, curbs, and gutters on the street side(s) of residence through their loan. This is a city public works decision.
3. Serious drainage issues that threaten the structure or the site or potential H & S problems.
4. Lead paint hazards on structures other than residence and in identified children's' play area (based on a formal Lead Paint Risk Assessment).
5. Other items include unsafe electrical feeders to outbuildings; fire hazards; uncapped wellheads; items that threaten the structure (overhanging trees, drainage problems); other items as required by the City.

DISALLOWED SITE WORK: Disallowed work includes fencing, work on detached garages and outbuildings, landscaping, and walkways/driveways not related to mobility/access issues, decks, etc. If any of these are identified as H & S issues, removal of hazard is allowed, but no replacement of these items will be allowed.

CONDITIONS THAT MAY CAUSE DENIAL OF LOAN: Excessive debris or garbage, illegal living units, junk cars, etc., unless house can be rehabilitated and there are good reasons for the site problems. Otherwise, a letter will be sent to the homeowner requesting that the site be brought to local ordinances/standards related to site maintenance and call program operator when these items are completed. Site clean-up can be done using loan funds if approved by the Housing Advisory Committee.

FOUNDATION:

ITEMS ALLOWED:

1. Complete perimeter foundation to code: engineered only if required by city. The standard retrofit does not necessarily need an engineer (standard drawings, simple code requirements. Any unusual circumstances require an ENGINEER.
2. Termite report items: Any are allowable; however, some may not be necessary. Should be discussed with client and, if necessary, the selected contractor (on Change Order), building official, or an ENGINEER. This will include removal of organic materials, earth to wood contact or clearance, framing/sub floor damage, spraying for active infestation, filling cracks in the foundation wall, and any other items deemed necessary by the Program Inspector. Program does not require a termite clearance upon completion of the project.
3. Vermin control/security: screens and access door on perimeters, repaired/replaced skirting on post and pier.
4. Ventilation: meeting minimum code ventilation is considered a structural requirement.

CONDITIONS THAT MAY CAUSE DENIAL OF LOAN DUE TO COST: Residence has no recognizable foundation (no concrete walls or piers), severe foundation space access issues per termite report (required when house is close to the ground), or excessive deterioration of the underpinnings due to pest damage or dry rot. **These would be grounds for denial of loan due primarily due to high cost of repairs.**

SIDING AND PAINT: Treated as a "structural issue" to replace/protect siding when necessary. Lead paint issues must be addressed to the standards set by federal and state regulation. Interim controls (per federal definition) to be completed on all exterior lead paint hazards are required.

ALLOWABLE ITEMS:

1. Lead paint hazard reduction and interim controls.
2. Painting of entire residence where in poor condition; includes good prep, two finish coats, two colors.
3. Prep and paint of trim *only* if paint is failing.
4. Minor siding repairs: replacement of ply panels or specific boards, stucco repair.
5. Siding replacement/overlay: only when project funding allows and it is absolutely necessary to the structural integrity of the residence.

DISALLOWED SIDING WORK: Painting or replacement of siding will not be done for cosmetic reasons.

CONDITIONS THAT MAY CAUSE DENIAL OF LOAN DUE TO COST:

1. Damaged cement/asbestos shingles that requires replacement of siding unless client can have the removal of the siding done at their own expense and the structure can otherwise be rehabilitated or if the homeowner agrees to "encapsulation" of cement-asbestos shingles with new siding.
2. Severely compromised framing due to design, pest damage, or other reasons.

ROOF/GUTTERS AND DOWNSPOUTS: If within 5 years of potential failure, can replace. Replacement will generally include: strip, repair sheathing/framing, re-roof. However, going over existing shingles (one layer only) OK if in good shape and client requests it (cost savings).

ALLOWABLE ITEMS:

1. Re-roof or overlay, minimum 30 year asphalt shingles, to manufacturer's specifications.
2. Replace or install gutters and downspouts of seamless aluminum material.

3. Patching or replacement of flashings (chimneys, etc.) if roofer is able to guarantee.
4. If re-roofing, all repairs/replacement of sheathing, framing, trim.
5. Minimal door overhangs for weather protection of entry (generally 4' x 4' maximum).
6. Reframing flat roofs if cost-effective within the project.
7. Repairs to chimney let-in flashing: otherwise, remove and replace chimney with Metalbestos or equal complete from below roof line.
8. Venting attic space to at least minimum code requirements.

DISALLOWED ROOFING ITEMS:

1. Roofing materials are limited to asphalt products: no wood, metal or other roofing materials will not be considered without proven need, cost benefit analysis and prior approval.
2. Patio coverings: If existing and unsafe, will remove only. No replacement.
3. Dormers unless directly related to H & S or structural repairs.

CONDITIONS THAT MAY CAUSE DENIAL OF LOAN

1. Reframing roof for any other reason than structural damage or for overhangs if separate from roof (door overhangs) if the roof is being stripped and replaced on house.
2. Reframing flat roof if necessary but does not fit under approved loan cap.

DOORS/WINDOWS: This adds fourth category of allowance:

weatherization. **ALLOWABLE ITEMS:**

1. Replace all doors and sash if lead is present—will not pay to do lead on existing unless owner pays for all costs beyond standard replacement.
2. Replace all single glazed windows under any condition other than loan limit. To be vinyl, dblglazed, operable for operable, fixed for fixed or operable. To be Milgard, Viking, or equal. New windows must meet code egress requirements in bedrooms
3. Replacement of structurally unsound, broken or otherwise damaged exterior doors (will have a \$ CAP: owner pays the rest). Same with hardware, including deadbolt.
4. Widening or otherwise modifying doors for wheelchair accessibility.

DISALLOWED WORK ITEMS:

1. No added doors: no sliding glass doors to replace windows unless specifically required by code or for handicap access.
2. No moving of doors for other than handicap access or as related to larger rehab.
3. Preferred door is pre-hung, six panel metal or fiberglass door installed. Cost beyond this is the responsibility of the homeowner.

PORCHES AND DECKS: Allowable to repair or replace for structural, H & S or code requirements.

ALLOWABLE ITEMS:

1. Replacement/repairs of rotted decking, framing, underpinnings or unsafe design.
2. Redesigned for access for disabled clients. Can include complete approved ramp.
3. Replacement of bad decking on decks for H & S if structure is otherwise sound.

DISALLOWED WORK ITEMS:

1. Decks: if needs to be replaced, will replace with legal access to door, not entire deck, unless client wants to pay for it from other funds. DECKS ARE GPIs. Access is required.

MECHANICAL:

ELECTRICAL: A major H & S issue. It is not to be used as

GPI. ALLOWABLE ITEMS:

1. Complete rewire from weather head: When it is all bad or marginal, required item.
2. Service only: If fuse type or old, rusty, or out of date or has no main, may be required.
3. Updates: Installation of GFCIs at all code-required locations, smoke alarms to code, and a CO detector are required by program. Method must be approved by local inspector.
4. Replacement of all faulty devices (duplexes, switches, light fixtures, HWH wiring).
5. Exterior lighting at all entries to residence.
6. Protection of exposed wiring at service, in garage, etc. where required.
7. Wiring for new appliance owner is purchasing to go from gas to electric.

8. Any other wiring related to the WWU: new laundry facility in existing residence, correct outlet for new dryer (purchased by client).
9. Elimination of any other identified electrical hazards to residents or structure.

DISALLOWED WORK ITEMS

No replacement of functional, code lighting fixtures unless part of gut-rehab of K or BA.

PLUMBING: High priority H & S item. Not to be done as GPI. **ALLOWABLE ITEMS:**

1. If existing supply is galvanized or PVC/CPVC, can replace all.
2. If existing waste is cast iron and old, replace including upper lateral if necessary.
3. Redesign plumbing for new handicap bathroom or other necessary purpose.
4. Replacement of existing FAULTY fixtures: sink, faucet, shower mixer, supply stops, garbage disposal, shower stall, etc.
5. Exterior hose bibs and accessible main shut-off.

DISALLOWED WORK ITEMS:

1. Shower stall replacement for stains, scratches, unless totally outdated, uncleanable.
2. Movement of fixtures/sinks/showers for any reason not related to H & S or complete gut rehab of space for structural reasons (floors, walls, faulty design, etc.).
3. Upgrades beyond price allowance must be paid for by client, not the program loan funds.

HEATING/VENTING: Very important H & S issue: inadequate, antiquated, inefficient, red tagged.

ALLOWABLE ITEMS:

1. Up to complete replacement of existing with a high-efficiency forced air system.
2. Replacement of wall heaters with new, more efficient model.
3. Any problems related to venting: lining or replacing brick chimneys used for gas, deteriorated material, any code issues.
4. Replacement of wood stoves where main heating source. Otherwise, if unsafe, remove.

DISALLOWED ITEMS

1. Multiple space heaters unless Forced Air Unit cannot be installed (no attic, no fdn space).
2. Replacement of more than one type of heating.
3. Replacement of existing Hot Water Heater with a larger volume Hot Water Heater unless required by code.

INTERIOR

WALLS/CEILINGS: Rarely H & S, other than for mold or structural problems.

ALLOWABLE ITEMS:

1. Any sheetrock work related to Kitchen or Bath gut-rehabilitation or new construction (addition) to completion through paint.
2. Any repair/replacement due to mold.
3. Replacement of any paneling only wall/ceiling finishes (3/16" fake paneling material or other materials of lower grade than sheetrock).
4. Interior painting for disabled or senior households: current livings spaces only, no attics, spare rooms, etc.

FLOORING: Any structurally damaged subfloor or framing is H & S. Holes in lino in rooms with running water (Kitchen, Bath, Laundry) are structural issues. Very overstretched carpeting is a tripping factor H & S.

ALLOWABLE ITEMS:

1. Replacement or overlaying of any existing linoleum in Kitchen, Bath or Laundry where structural issues exist.
2. Replacement of carpet due to tripping hazard or due to proven medical issues related to carpeting. Must have letter from doctor in borrower file.

DISALLOWED ITEMS

1. No hardwood floors or wood laminate floors or other products more expensive than reasonably priced linoleum or carpets. Pads are allowable.

KITCHEN: Cabinets generally are not replaced if repairs/refinish are more cost effective. Counters are replaced if too worn to clean properly for food prep. Replacement of stove, refrigerator, or dishwasher (if existing) is allowable.

ALLOWABLE ITEMS:

1. Cabinets: only where un-saveable by repair/refinish. Additional cabs to match existing as possible can be allowable to meet minimum FHA standards.
2. Counters: replaceable if too worn to clean properly. To be rolled laminate as possible. Otherwise, custom laminate.

3. Appliances: can replace stove or refer if severely deteriorated, irreparable. Dishwasher only if existing AND is irreparable.

DISALLOWED ITEMS:

1. Microwaves or other portable appliances.
2. Dishwasher where none exists other than for disabled with doctor letter.
3. Tile counters, Corian counters, slate counters, etc. Laminate only unless Homeowner pays bid difference.

BATH: Primary area of concern due to obvious H & S concerns as well as structural issues in rooms with running water. Often requires complete gut rehab. This is usually the most cost-effective way if, in an effort to simply repair it, the estimate exceeds \$1500 or there are apparent signs of structural damage under the tub or in the walls of the shower. If gut-rehabilitation is necessary, all materials (tub, liner, vanity, sink, counter, fixtures, med cabinet, toilet) will have set allotments. Owner to pay excess costs. All sheetrock shall be replaced; all electrical, unless undamaged and to code, shall all be replaced, and all supply and waste lines down to at least the level of the floor if good connection available below. If not, must replace lines to nearest point of sound reconnection.

OTHER: This includes all items not included in a category above. Examples and input:

1. Interior doors. Replaceable with HC mahogany or Masonite-type material doors, fixed cost hardware complete through trim. Pre-hung preferred. No custom doors.
2. Insulation: allowable for installation in ceilings, walls, and floor. Required in any accessible exterior wall spaces if not existing.

ALL WORK ITEMS NOT INCLUDED IN THIS LIST WILL BE CONSIDERED ON A CASE-BY-CASE BASIS KEEPING IN MIND THAT THE PROGRAM IS DESIGNED TO ELIMINATE HEALTH AND SAFETY AND STRUCTURAL PROBLEMS, NOT GENERAL PROPERTY IMPROVEMENTS.