

*AFFORDABLE HOUSING
COMPLIANCE MONITORING*

A PROPOSAL TO
THE CITY OF MORENO VALLEY





ROSENOW SPEVACEK GROUP INC.
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Via Electronic Mail

City of Moreno Valley
Planet Bids PB System
eProcurement – PB System

**INVITATION 2015-014
PROPOSAL FOR AFFORDABLE HOUSING COMPLIANCE SERVICES**

Thank you for this opportunity to present our proposal to the City of Moreno Valley (“City”) and its City Council, the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (“Agency”), and the Moreno Valley Housing Authority (“Authority”). RSG staff are recognized experts in housing compliance monitoring throughout the State of California. Since 1988, RSG has been providing these services to clients. For your convenience, we have provided a concise and to-the-point proposal because we know that your time is valuable. Here is a short-list of reasons we feel that RSG is the most qualified firm to provide these services to the City of Huntington Beach:

Why Hire RSG?

- *Over 18 Housing Compliance Monitoring clients*
- *128 projects (consisting of approximately 9,000 units) monitored currently*
- *30+ years of housing expertise*

Highlights from the attached proposal are provided below.

Background

- The City, Agency and Authority seek a consultant for Affordable Housing Program compliance monitoring services to improve the efficacy of the existing Affordable Multi-family Rental Program (“AMRP”) and to ensure regulatory compliance.
- Services RSG would provide include (*we have not included the development of Custom Web-based Software, as this does not fall under RSG’s areas of expertise*):
 - Revision of AMRP Guidelines
 - Initial Compliance Monitoring
 - Ongoing Compliance Monitoring

FISCAL HEALTH
ECONOMIC DEVELOPMENT
REAL ESTATE, HOUSING
AND HEALTHY COMMUNITIES

Methodology

- Specific Tasks
 - Collect documents and review specific tasks.
 - Review all relevant City/Agency/Authority agreements and documentation.
 - Determine the status of project compliance.
 - Identify adherence to annually specified rent restrictions.
 - Review tenant income applications, tenant files and associated documents to determine existing compliance.
 - Review property owner recertification compliance.
 - Determine a Project Schedule following document review activities.
 - Prepare and maintain a database in Microsoft Excel with pertinent and accurate records for compliance monitoring.
- Implementation Plan for monitoring compliance provided.
- Strategies to ensure client satisfaction.
- Project Schedule finalized upon completion of document review.
- City staff tasks/needs specifically outlined.

Staffing

RSG staff with more than 3 decades of affordable housing experience will be assigned to this project.

Qualifications

- Over 18 Housing Compliance Monitoring clients/5 references provided
- 128 projects (consisting of approximately 9,000 units) monitored currently
- 30+ years of housing expertise

Fee Proposal

\$74,950 for the first year of services (which includes Phase I and Phase III services) and \$30,070 for the subsequent years (Phase IV services) for a total of \$105,020. Please note that the Fee Proposal will be valid for a period of 180 days from the date of this letter.

The address and telephone number of the RSG Office, the office from which the project will be managed, is 309 West 4th Street, Santa Ana, California 92701

We look forward to meeting with you to discuss our proposal in detail. In the meantime, should you have any questions, please feel free to contact us.

Sincerely,
ROSENOW SPEVACEK GROUP INC.



Jim Simon
Principal



Becky Caha
Associate

Background and Project Summary

It is our understanding that the City of Moreno Valley ("City") and its City Council, the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley ("Agency"), and the Moreno Valley Housing Authority ("Authority") are seeking the expertise of monitoring and compliance consultants ("Consultant") to improve the efficacy of the existing Affordable Multi-family Rental Program (AMRP); and to provide customized web-based software to retain and report compliance documentation; and to conduct annual compliance monitoring for the AMRP. *Unfortunately, RSG is unable to respond to Phase II of the RFP, Development of Custom Web-based Software, as it is not in our realm of expertise, but we believe that our expertise in all other areas of this RFP makes us uniquely qualified to perform those tasks, and be a valuable asset with another firm that can provide the web-based software.*

Compliance and monitoring program and procedure development services needed would include the following:

PHASE I

Monitoring Compliance Guidelines – a draft AMRP Guidelines document shall be provided for review by City staff in word format and upon acceptance of final draft by the City, 4 (four) hard copies of final guidelines shall be provided. The final document shall be provided in Word *and* PDF formats to the City and shall also include all forms and supporting files.

PHASE II

Web-based Database and Software Application – *Unfortunately, RSG is unable to respond to this Phase of the RFP, Development of Custom Web-based Software, as it is not in our realm of expertise, but we believe that our expertise in all other areas of this RFP makes us uniquely qualified to perform those tasks, and be a valuable asset with another firm that can provide the web-based software.*

PHASE III

Initial Compliance Monitoring – Consultant shall facilitate the collection and uploading of current compliance data and work directly with property owners and/or managers to bring current units into compliance; and provide the City with monthly compliance status reports for all subject properties.

PHASE IV

Annual Monitoring – Consultant to provide the City with a schedule by which annual monitoring will occur for each project contained in the Portfolio, and upon conducting the annual monitoring, the Consultant shall work directly with owners and/or managers to assure all required data is uploaded on an ongoing basis and assure units remain compliance. Consultant to also provide the City with monthly compliance status reports for all subject properties.

Methodology

RSG would provide Affordable Housing Compliance Monitoring Services to the City/Agency/Authority to ensure compliance pursuant to related Federal and State regulations.

PHASE I – REVISION OF PROGRAM GUIDELINES

1. Review and evaluate the current AMRP Guidelines and compliance reports to identify opportunities to improve the program's efficiency and efficacy and make recommendations to increase project compliance.
2. Meet with the City to discuss recommendations prior to the preparation of revisions.
3. Prepare revisions to guidelines according to findings and forward draft to the City for review and approval.
4. Forward final version in PDF form to all project owners upon acceptance by the City and provide final version of the guidelines to the City in Word and PDF format.

PHASE II – DEVELOPMENT OF CUSTOM WEB-BASED SOFTWARE

Unfortunately, RSG is unable to respond to Phase of the RFP, Development of Custom Web-based Software, as it is not in our realm of expertise, but we believe that our expertise in all other areas of this RFP makes us uniquely qualified to perform those tasks, and be a valuable asset with another firm that can provide the web-based software. Determine that the project owner is adhering to legal requirements with regard to the inclusion of required disclosures and statements, including:

PHASE III – INITIAL COMPLIANCE MONITORING

1. Create income, rent limit and utility allowance charts for current year and distribute to the City and all property owners listed on the portfolio.
2. Collect various monitoring documents and certifications from the owner/manager of each multi-family property in the portfolio. This documentation includes collecting current tenant data for each restricted unit from the property manager or owner of each project for all tenants occupying restricted units. Information to be tracked shall include but is not limited to: unit address, rental unit number, if unit is fixed or floating, tenant name, lease date, rent increases, move-in and move-out date, tenant household composition (names, ages, occupations of all household members, ethnicity and gender of each head of household), household income/assets, maximum rent, rent paid, applicable deductions, utility allowance (basic and energy efficient), and whether the unit receives Section 8 voucher assistance and the amount of the housing assistance payment.
3. Accurately review income source documentation for new and recertifying tenants of restricted units.

4. Accurately apply various affordable housing program regulations and requirements to determine whether a project is in compliance. Consultant must identify how each program differs in the income documentation required and frequency with which such documentation must be collected from tenants. In addition, multi-family housing revenue bond projects must be reviewed for compliance with restrictions established by the Internal Revenue Service (IRS).
5. Maintain updated electronic files for each monitored project to document and track compliance through a web-based application. Facilitate the uploading of project data by the project owner into the contractor's monitoring database. Issue Notices (i.e. Reminder Notices, Late Notices, Non-Compliant Notices, miscellaneous program correspondence and track notices sent).
6. Conduct on-site visits as mandated by all applicable regulations and to follow-up on non-compliant properties. During site visits, RSG will comply with all applicable regulations for conducting audits, including, but not limited to, reviewing the management plan, affirmative marketing plan, tenant selection plan, wait list, copies of initial tenant leases and mandatory lease addenda, income source documentation, rent and utility schedules, and other compliance documentation and project and tenant files.
7. Provide customer service to property owners and managers by establishing and maintaining a good working relationship with them, and provide training as needed.
8. Provide the City with a status and compliance report and back-up documentation (i.e. Certificate of Continuing Program Compliance, Occupancy Summary Report, and Bond Report) with each monthly invoice for all projects monitored/invoiced for the previous month, including site visit reports. Monthly reports will also include year-to-date information on monitored projects. After the expiration date and last monitoring period lapses, RSG shall return files with all monitoring documents and electronic data to the City.
9. Provide additional related services and technical assistance as requested by the City, including, but not limited to, responding to requests for compliance information and documents on specific properties under review by the Department and/or assistance remediating findings of noncompliance.

PHASE IV – ONGOING COMPLIANCE MONITORING

1. Create annual income, rent limit and utility allowance charts and distribute to the City and all property owners listed on Multi-family Affordable Unit Portfolio on a regular ongoing basis and at a consistent time each year.
2. Create an annual timeline/schedule for onsite monitoring for distribution to the City, property owners and their agents (i.e. onsite managers/property management company). The timeline will incorporate all noticing requirements as dictated by the project's respective funding source(s) (i.e. HOME, TCAC, etc.).

3. As predicated by the established monitoring schedule referenced above in Section b, annually collect various monitoring documents and certifications from the owner/manager of each multi-family property in the portfolio. This documentation includes collecting current tenant data for each restricted unit from the property manager or owner of each project for all tenants occupying restricted units. Information to be tracked shall include but is not limited to: unit address, rental unit number, if unit is fixed or floating, tenant name, lease date, rent increases, move-in and move-out date, tenant household composition (names, ages, occupations of all household members, ethnicity and gender of each head of household), household income/assets, maximum rent, rent paid, applicable deductions, utility allowance (basic and energy efficient), and whether the unit receives Section 8 voucher assistance and the amount of the housing assistance payment.
4. Accurately review income source documentation for new and recertifying tenants of restricted units.
5. Accurately apply various affordable housing program regulations and requirements to determine whether a project is in compliance. Consultant must identify how each program differs in the income documentation required and frequency with which such documentation must be collected from tenants. In addition, multi-family housing revenue bond projects must be reviewed for compliance with restrictions established by the Internal Revenue Service (IRS).
6. Maintain updated electronic files for each monitored project to document and track compliance through a web-based application. Facilitate the uploading of project data by the project owner into the contractor's monitoring database. Issue Notices (i.e. Reminder Notices, Late Notices, Non-Compliant Notices, miscellaneous program correspondence and track notices sent).
7. Conduct on-site visits as mandated by all applicable regulations and to follow-up on non-compliant properties. During site visits, RSG will comply with all applicable regulations for conducting audits, including, but not limited to, reviewing the management plan, affirmative marketing plan, tenant selection plan, wait list, copies of initial tenant leases and mandatory lease addenda, income source documentation, rent and utility schedules, and other compliance documentation and project and tenant files.
8. Provide customer service to property owners and managers by establishing and maintaining a good working relationship with them, and providing training as needed.
9. Provide the City with a status and compliance report and back-up documentation (i.e. Certificate of Continuing Program Compliance, Occupancy Summary Report, and Bond Report) with each monthly invoice for all projects monitored/invoiced for the previous month, including site visit reports. Monthly reports will also include year-to-date information on monitored projects. After the expiration date and last monitoring period lapses, the RSG shall return files with all monitoring documents and electronic data.
10. Provide additional related services and technical assistance as requested by the City, including, but not limited to, responding to requests for compliance information and documents on specific properties under review by the Department and/or assistance remediating findings of noncompliance.

CLIENT SATISFACTION

All documents will be provided to City staff for review and comment and revisions will be made to work products based on this valuable input. Ms. Caha will communicate regularly and often with City staff during work on each task to align expectations ensure that all tasks are completed in the manner that meets or exceeds the City/Agency/Authority's expectations.

The RSG staff assigned to this project each have over three decades of housing and municipal consulting experience. This breadth of experience allows RSG to provide accurate and superior work products to our clients in an efficient manner. We value client input highly and pride ourselves with excellent customer service.

PROJECT SCHEDULE

It is understood that the City/Agency/Authority desire a detailed estimated project schedule for the Program revisions and compliance monitoring of the properties identified in the portfolio. RSG would adhere to the tentative schedule as outlined in the RFP and will provide a detailed schedule upon the determination of the actual scope of work. In general, based on the unit numbers provided, it would be anticipated that the initial inspections of all properties (including unit inspections, if required) would be completed by the end of October, 2015.

CITY STAFF TASKS

At this time it is anticipated that the items that would be needed from City staff would be complete copies of all controlling documents for each of properties outlined by the City/Agency/Authority. These items will enable RSG to prepare the detailed schedule requested above and outline an efficient and thorough implementation plan.

COMPLIANCE REPORTING FORMAT

RSG has provided a sample report that outlines the format that will be used for compliance reporting, including all components. In the event that a project is found to be out of compliance, RSG would immediately report to the City and Authority as well as give the property manager/owner a detailed reporting of items that need to be completed in order to bring the property back into compliance. It is anticipated that a 30-day time frame will be used to allow property managers/owners to bring their properties into compliance, and if not, RSG would work with City/Authority staff in determining the next course of action.

Staffing

This assignment will be lead by Jim Simon, Principal-in-Charge. Mr. Simon will oversee and monitor all activities, will attend meetings and coordinate with RSG and City staff on an as-needed basis. Mr. Simon has approximately 20 years of experience with providing redevelopment, financial and other municipal consulting services to public agency clients.

Becky Caha, Associate, will act as Project Manager for this assignment. Ms. Caha has over 25 years of experience with housing compliance monitoring services, making her a top expert in this field. Ms. Caha will review all documents, create and maintain the database of compliance monitoring data, coordinate and direct on-site visits, create reports and interface with City staff. Rosa Romero and Nicole Miller, Research Assistants, will assist with data collection and analysis as well as needed on-site visits.

Resumes for all RSG staff for this assignment follow.

JIM SIMON, *Principal/President*



ABOUT ME

Inspired to improve the Golden State in his work, Jim delivers intelligence, innovation and passion to projects requiring his unparalleled expertise in fiscal health, real estate and economic development. For nearly 25 years, Jim is proud to have led projects that have resulted in the investment of over \$3 billion in private and public capital, transforming cities and communities across California. As President of RSG, Jim is helping to shape the next generation of the firm's legacy - leading RSG's team of inspired, creative and insightful consultants that serve over 100 communities each year.

Jim joined RSG in 1991, and has served as a Principal and shareholder since 2001. He received a BA in Business Administration with a concentration in entrepreneurial management from California State University, Fullerton. In 2014, Jim was selected as an Advisory Board member of the California Association for Local Economic Development, and is an active member of the International Council of Shopping Centers (ICSC) and the National Association of Office and Industrial Properties (NAIOP) as well as other professional organizations.

FOCUS AREAS

Real estate acquisition, development and financial feasibility, economic development

WHAT I LOVE ABOUT WORK

I'm driven to help local government capitalize on community development opportunities. The work is not static. I enjoy adapting my style, pace and approach to the specific needs of my clients and their communities.

RECENT ENGAGEMENTS

- Performed economic impact analysis for development of the catalytic Kaiser Permanente medical office project for the Leimert Park neighborhood in south Los Angeles.
- Negotiated and structured terms and conditions of a workforce housing development in Goleta which was recognized by the American Planning Association's Central Coast Chapter as a "Hard Won Victory."
- Analyzed and developed deal terms for a disposition and development agreement for a public-private partnership of a \$70 million mixed use project in downtown San Carlos.
- Analyzed and developed framework for a subvention agreement between the City of Los Angeles and Westfield for development of a \$350 million destination lifestyle center in west San Fernando Valley.
- Vetted equity investor and developer qualifications for the resurrection of the stalled reopening of the Ritz Carlton Rancho Mirage to be opened in May 2014.
- Led the RSG team in an analysis of real estate market conditions and other assumptions employed by the Los Angeles County Assessor's office in their 2012-13 property value forecast.

OUT & ABOUT

- "Layered Financing: Funding Projects Today" – CALED/Annual Conference (Apr '14)
- "Creating an Economic Development Strategy" – OCED/Southern California Economic Development Symposium (Feb '14)
- "Real Estate Development & Reuse" – CALED/Introduction to Economic Development Certificate Program (Oct '13)
- "Components of an Economic Development Strategy" – CSAC/Economic Development and Opportunities for Counties (May '13)
- "Economic Development Beyond Redevelopment" – CSMFO/Webinar (Sep '12)
- "Unincorporated Communities and Infrastructure Financing" – CALAFCO/Annual Conference (Oct '10)
- "Pro Forma Development" – CSU Fullerton/Extension Program (May '08) National Association of Office and Industrial Properties

BECKY CAHA, *Associate*



ABOUT ME

Becky conducts a wide variety of real estate and affordable housing consulting services to municipalities throughout Southern California. Her broad portfolio of experience includes developing and administering low and moderate income housing and subsidy programs, reviewing applicant eligibility, coordinating escrow and document preparation, and conducting annual monitoring and reporting activities. Becky also has considerable experience in the field of rent subsidy and tenant coordination for multifamily affordable housing projects.

Becky joined RSG in 1989. She received a BA in Liberal Arts from the University of Redlands, and an MA in Organizational Leadership from Biola University.

RECENT ENGAGEMENTS

- Program Administrator and/or Oversight Agent pursuant to bond requirements for 11 public entity-assisted multifamily projects and 23 mobile home projects throughout California.
- Since 2009, Project Manager for multi-family compliance monitoring activities for the Fontana Housing Authority.
- Since 2103, Project Manager for the City of Huntington Beach compliance monitoring services.
- Since 2012, Project manager for City of Moreno Valley's Neighborhood Stabilization Program Home Purchase Program.

FOCUS AREAS

Affordable Housing and Housing Assistance Programs, Oversight Agent, Program Administration, Application Process Oversight, Escrow Supervision, Underwriting Services

WHAT I LOVE ABOUT WORK

I have a direct impact on the lives of individuals and families in need.

OUT & ABOUT

- National Notary Association
- California Association for Local Economic Development
- Coalition of Affordable Housing Professionals

ROSA ROMERO, *Research Assistant*



ABOUT ME

Rosa Romero is involved with housing monitoring activities and supports the Program Administrator and Oversight Agent responsibilities pursuant to bond requirements for 11 City- and Agency-assisted multi-family affordable housing projects and 23 mobile home projects throughout California.

Rosa's primary duties at RSG are to support project management, interface with clients, and report compliance. Rosa's specific tasks include the preparation of reporting requirements for oversight and program administration monitoring.

Ms. Romero joined RSG in 2007. She has 12 years of experience in real estate and affordable housing. Before joining RSG, Rosa was a Senior Loan Processor and was responsible for pre-underwriting loans and monitoring compliance documents for single-family and multi-family housing transactions. Rosa has been able to translate her past experience into working with the many different aspects of the affordable housing arena.

FOCUS AREAS

Compliance Monitoring, Affordable Housing, Housing Assistance Programs, Oversight Agent, Program Administration.

WHAT I LOVE ABOUT WORK

I enjoy being a part of the affordable housing services RSG provides and collaborating with the cities and local jurisdictions, as well as the community residents themselves.

RECENT ENGAGEMENTS

- Conducted compliance auditing, report monitoring, and inspections of affordable housing subsidized with HOME funds.
- Conducted inspections for 166 units subsidized with HOME funds and prepared reporting requirements for the City of Riverside to ensure the project's compliance with the development agreement.
- Involved with the eligibility review and loan underwriting services for the City of Marcos' First-Time Homebuyers Loan Program and Rehabilitation Loan Program.

NICOLE MILLER

RESEARCH ASSISTANT

Nicole brings a public service background to the RSG team. She researches a wide variety of data and translates it into reliable sources of information. She also provides assistance with housing compliance data analysis and reporting. Her distinctive knowledge and skill blend allows her to understand and help solve community problems.

FOCUS AREAS: Compliance Monitoring, Affordable Housing, Community Development

RECENT ENGAGEMENTS:

- Reviewed tenant occupancy file documentation to ensure cities and properties meet low income housing requirements
- Assisted in preparing Financial Consulting Reports.
- Assisted with market research centered on bringing business to a city.

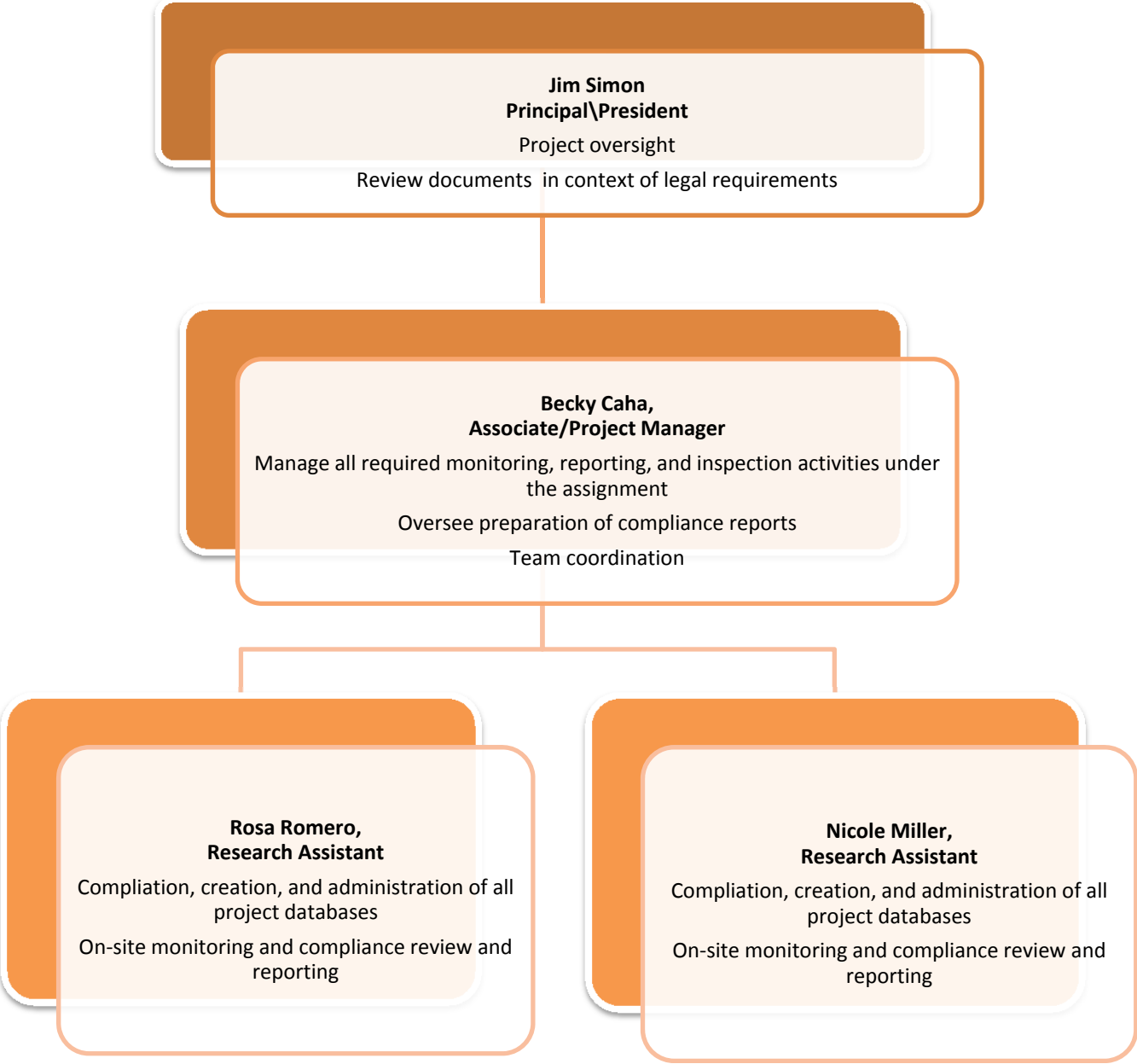
Nicole joined RSG in 2015. She received both her Masters of Public Administration and Bachelors of Arts, History, at California State University, Fullerton.

WHAT I LOVE ABOUT WORK: I enjoy contributing to the affordable housing services RSG provides, in addition to community development and financial services. Through these areas, I feel that I positively affect communities.



OUT AND ABOUT:

Pi Alpha Alpha –
National Public
Administration Honors
Society



Qualifications

RSG was founded in 1988 and has been providing housing compliance monitoring services, as well as other municipal consulting services, to clients for over 30 years. As such, we have a long and successful track record in assisting public agencies in their affordable housing program formulation, implementation, and administration. We prepare monitoring programs and operating manuals for cities and agencies, as well as conduct one-time or continuing annual compliance audits of multifamily rental projects. Through our broad experience in all aspects of affordable housing, RSG staff is completely familiar with the calculation of housing costs and housing expense allowances, and the laws relating to continuing affordability and the processes involved with income determination and verification, eligibility review and recertification, and monitoring and reporting compliance activities.

Our housing staff has extensive experienced in providing on-going program administration and compliance monitoring services for numerous cities and agencies. We have developed and implemented homebuyer assistance programs in the Cities of La Quinta, Fontana, Garden Grove and Palmdale. We currently administer and monitor homebuyer purchase loan programs and residential rehabilitation projects for numerous cities including, Aliso Viejo, Carson, Irwindale, Brea, Commerce, Perris, Coronado, El Cajon, and Lemon Grove. In addition, we provide housing bond oversight and program administrator services for multi-family properties in the Cities of Alhambra, and Paramount, as well as for mobile home parks in the Cities of San Marcos (6 parks), Seal Beach, Fresno, Daly City, and Union City.

The firm's qualifications and responsiveness in serving our clients is demonstrated by our established long-term continuing consulting relationships with a large number of public agency clients throughout the state. The following provides a summary overview of our affordable housing administration and monitoring services which is inclusive of the tasks outlined in the RFP.

AFFORDABLE HOUSING ELIGIBILITY REVIEW & COMPLIANCE MONITORING

As contract staff for our clients, RSG provides ongoing housing administrative services including, but not limited to, annual tenant income re-certifications, rental increase reviews, ownership continuing occupancy verifications, annual monitoring reporting to the City for income-restricted units, as well as, preparation and updating of City web site data pursuant to the AB 987 requirements effective January, 1, 2008.

BOND OVERSIGHT AGENT/PROGRAM ADMINISTRATOR

For multifamily complexes and mobile home parks throughout the state, RSG ensures that operation is consistent with bond or other financing provisions, including oversight of a project's financial status and affordability requirements.

HOUSING STRATEGIES, STUDIES, PROGRAMS, AND PLANS

Affordable housing solutions differ within each community. Assessing housing needs and providing strategies and plans to address client needs is RSG's specialty. RSG brings a diverse background of housing experience to enable our clients to design programs that meet housing objectives in context of land use, economic, and special needs issues.

REFERENCES

Pursuant to the RFP, five references are provided below representing clients that are receiving, or have received, similar services as those contained in this Proposal. We encourage the City to contact these individuals to learn more about the quality of housing compliance monitoring services provided by RSG.

Fontana Housing Authority - 2009 to Present

RSG formulated and implemented the City's affordable housing compliance monitoring program in 2009 and continues to serve as consultant staff for the Fontana Housing Authority providing housing asset management and annual compliance monitoring services for 22 multifamily projects (,012 units) including recertification of tenant qualifying incomes, verification of affordable rents, and reporting to the Authority and HCD on the projects compliance under the applicable agreements. RSG provides technical support in negotiating resolutions for non-compliance issues identified through the compliance monitoring and financial review audit process. RSG also performed property inspection services in order to comply with HOME property standards.

Assigned Staff: *Becky Caha, Project Manager*
 Rosa Romero, Research Assistant
 Nicole Miller, Research Assistant

Contact Person: David Edgar, Deputy City Manager
 Fontana Housing Authority
 (909) 350-6739
 dedgar@fontana.org

City of Carson Housing Authority - 2007 to Present

RSG prepared a comprehensive affordable housing compliance monitoring manual for the Carson Redevelopment Agency and initiated the City's first annual compliance monitoring in 2007. RSG continues to serve as consultant staff for the Carson Housing Authority providing housing asset management and annual compliance monitoring services for five multifamily projects (385 units) including recertification of tenant qualifying incomes, verification of affordable rents, and reporting to the Authority and HCD on the projects compliance under the applicable agreements. In addition, RSG performed a 10-year forensic review audit of the annual financial statements for the Authority's multifamily projects, and continues to perform annual review audits to ensure the accurate and timely payment of residual receipts to the Authority in accordance with applicable loan agreements. RSG provides technical support in negotiating resolutions for non-compliance issues identified through the compliance monitoring and financial review audit process. RSG also assisted Carson in preparing a comprehensive affordable housing database, and in preparing for review audits related to HOME funded properties.

Assigned Staff: *Becky Caha, Associate*
Rosa Romero, Research Assistant
Nicole Miller, Research Assistant

Contact Person: *Jeff Westbrook, Redevelopment Manager*
City of Carson/Carson Housing Authority
(310) 233-4821
jwestbro@carson.ca.us

City of Westminster Housing Authority - 2008 to Present

RSG prepared a comprehensive affordable housing strategy for the Westminster Redevelopment Agency and implemented the City's affordable housing compliance monitoring program in 2008. RSG continues to serve as consultant staff for the Westminster Housing Authority providing housing asset management and annual compliance monitoring services for nine multifamily projects (807 units) including recertification of tenant qualifying incomes, verification of affordable rents, and reporting to the Authority and HCD on the projects compliance under the applicable agreements. RSG also performs annual review audits to ensure the accurate and timely payment of residual receipts and ground lease payments to the Authority in accordance with applicable loan and lease agreements. RSG provides technical support in negotiating resolutions for non-compliance issues identified through the compliance monitoring and financial review audit process.

Assigned Staff: *Becky Caha, Associate*
Rosa Romero, Research Assistant

Contact Person: *Tami Piscotty, Housing Manager*
City of Westminster Housing Authority
(714) 898-3311 x 3494
TPiscotty@Westminster-CA.gov

Orange County Development Agency - 2001 to Present

We currently provide bond Oversight Agent and/or Program Administrator services for two multifamily projects in the County of Orange (Woodbridge and Ladera). This involves reviewing income tax and other financial statements to verify income eligibility, cash flow management, annual transmittal of program information notices, and annual eligibility recertification. This also includes quarterly site inspections of the properties to verify that the properties are maintained properly.

Assigned Staff: *Becky Caha, Project Manager*
Rosa Romero, Research Assistant
Nicole Miller, Research Assistant

Contact Person: *William Rawlings, Director*
County of Orange CEO, Real Estate
(714) 834-7128
William.Rawlings@ocgov.com

City of Huntington Beach

RSG provided a comprehensive affordable housing strategy review and recommendations for the City of Huntington Beach implemented the City's affordable housing compliance monitoring program in 2013. RSG continues to serve as consultant staff for the City providing annual compliance monitoring services for twenty-one multifamily projects (1,100 units) including recertification of tenant qualifying incomes, verification of affordable rents, and reporting to the Authority and HCD on the projects compliance under the applicable agreements. RSG provides technical support in negotiating resolutions for non-compliance issues identified through the compliance monitoring and financial review audit process.

Assigned Staff: *Becky Caha, Project Manager*
Rosa Romero, Research Assistant/Analyst

Contact Person: *Denise Bazant, Office of Business Development*
City of Huntington Beach
(714) 536-5470
dbazant@surfcity-hb.org

Fee Proposal

RSG proposes to provide the services described in the Scope of Services on a time-and-materials basis not-to-exceed the following fees by Phases as outlined below. Our fee is based upon an estimate of the number of annual hours needed for each task. The table below provides a cost breakdown for the Fee Proposal.

AFFORDABLE MULTI-FAMILY RENTAL COMPLIANCE AND MONITORING PROGRAM AND PROCEDURE DEVELOPMENT				
Estimated Budget based on 462 units at approx 21 properties				
Staffing Position	Principal/ Director	Assoc.	Research Assistant	Total Cost
Hourly Rate	\$235	\$160	\$110	
<i>Estimated Hours by Activity</i>				
PHASE I ACTIVITIES - REVISION OF PROGRAM GUIDELINS				
Project Document Review	2	15	60	\$9,470
Revisions and provision of Final Guidelines	2	15	60	\$9,470
PHASE I TOTAL	4	30	120	\$18,940
PHASE II ACTIVITIES - WEB-BASED SOFTWARE DEVELOPMENT				
- Not a part of this proposal	0	0	0	\$0
PHASE II TOTAL	0	0	0	\$0
PHASE III ACTIVITIES - INITIAL COMPLIANCE MONITORING				
Project/Controlling Document Review	2	20	80	\$12,470
Preparation of Monitoring Forms	2	10	60	\$8,670
Tenant File Recertification & Reporting	1	25	120	\$17,435
Property Inspections & Reporting	1	25	120	\$17,435
PHASE III TOTAL	2	50	240	\$56,010
PHASE IV ACTIVITIES - INITIAL COMPLIANCE MONITORING				
Tenant File Recertification & Reporting	1	10	120	\$15,035
Property Inspections & Reporting	1	10	120	\$15,035
PHASE IV TOTAL	2	20	240	\$30,070
TOTAL CONTRACT AMOUNT	6	80	360	\$105,020

If the tasks under the Methodology section are substantially changed in the future, RSG will notify the City and request a fee adjustment. The annual fee will be subject to an annual inflationary adjustment in accordance with the published Consumer Price Index pertinent to Orange County.

Attachments 1 and 2 – Work Samples

CITY OF CARSON
Redevelopment Agency



AFFORDABLE HOUSING PROGRAM MONITORING MANUAL

CITY OF CARSON REDEVELOPMENT AGENCY

Affordable Housing Program Monitoring Manual

Prepared by:
Rosenow Spevacek Group, Inc.
309 West 4th Street
Santa Ana, California 92701

FINAL November 18, 2009

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I. Introduction

California Health and Safety Code Section 33000 et. seq., (California Redevelopment Law (“CRL”)) identifies the regulatory requirements associated with the expenditure of redevelopment tax increment revenues including any money deposited into a redevelopment agency’s Low and Moderate Income Housing Fund (“LMIHF”). The CRL also identifies specific affordable housing production obligations the agency must fulfill during each ten-year housing compliance period and over the life of the Redevelopment Plan. In fulfilling an agency’s affordable housing production obligations, units produced or otherwise assisted by an agency must have long-term income restrictions or covenants recorded with the Clerk of the county to reflect a period of not less than 45 years for owner-occupied units and 55 years for rental units.

This Affordable Housing Program Monitoring Manual (“Manual”) is prepared pursuant to the requirements under Section 33418 (a) of the CRL, which requires that a redevelopment agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of the redevelopment law. As part of this monitoring, an agency shall require owners or managers of the housing to submit an annual report to the agency. For each rental unit the annual reports shall include: the rental rate and the income and family size of the occupants, and for each owner-occupied unit whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners.

The purpose of this Manual is to provide guidelines to assist the Carson Redevelopment Agency (“Agency”) in implementing and administering the required affordable housing monitoring activities to ensure compliance under the CRL for those units that were assisted or otherwise made available through the programs and projects undertaken by the Agency. Even in cases where the Agency does not provide direct financial assistance to an individual project or unit, it may otherwise assist affordable housing units in the City of Carson (“City”) in a manner which requires that the projects or units be included under the annual monitoring requirements per Section 33418 (a) of the CRL. The following sections of this Manual provide an overview of terms and definitions under the CRL; a description of the monitoring process and suggested timelines for implementation; a review of the qualifying income limits for each income category and the applicable affordable housing costs for owner-occupied units and rental units for each income category; and sample monitoring letters and certification forms for owner-occupied units and rental apartment projects.

II. Glossary of Terms and Definitions

Adjusted Income: If stipulated by the program or project controlling documents, program or project eligibility may be determined by a household's adjusted gross income rather than "true" gross income. Adjusted gross income would include those income sources described under Gross Income below less the adjustments to gross income allowed on page one of IRS Form 1040 for the household's federal income tax return.

Area Median Income: (*Pursuant to Health and Safety Code Section 33334.13*) Area Median Income ("AMI") means one of the following: the median income adjusted for household size to reflect the statewide median household income or the countywide median household income established by the California Department of Housing and Community Development ("HCD") or, if applicable under the program or project, the median family income adjusted for household size as determined by the U.S. Department of Housing and Urban Development (HUD) with respect to either a standard metropolitan statistical area or an area outside of a standard metropolitan statistical area.

Affordable Housing Qualifying Income Limits: (*Pursuant to Health and Safety Code Section 50093*) "Persons and families of low or moderate income" means persons and families whose income does not exceed 120 percent of area median income, adjusted for family size by the California Department of Housing and Community Development ("HCD") in accordance with adjustment factors adopted and amended from time to time by the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the U.S. Housing Act of 1937. However, HCD may establish higher qualifying income limits ("adjusted qualifying income limits") in designated geographic areas of the state, upon their determination that 120 percent of median income in the particular geographic area is too low to qualify a substantial number of persons and families of low- or moderate-income who can afford rental or home purchase of housing financed without subsidy. HCD's adjusted qualifying income limits for Los Angeles County, a high cost area, are reflected in Table 1 on page 13 in the Income/Housing Cost Limits section of this manual, which reflect the 2009 adjusted qualifying income limits for extremely low-, very low-, low-, and moderate-income households adjusted for family size.

The Qualifying Income Limits for "Persons and families of low or moderate income" are defined as follows:

- **Extremely Low-Income:** (*Pursuant to Health and Safety Code Section 50106*) An extremely low-income household is one where the combined gross incomes of all persons residing in the unit does not exceed the adjusted qualifying income limit for Extremely Low-Income, adjusted for family size, as promulgated and revised annually by HCD.
- **Very Low-Income:** (*Pursuant to Health and Safety Code Section 50105*) A very low-income household is one where the combined gross incomes of all persons residing in the unit exceeds the adjusted qualifying income limit for Extremely Low-Income but does not exceed the adjusted qualifying income limit for Very Low-Income, adjusted for family size, as promulgated and revised annually by HCD.
- **Low-Income:** (*Pursuant to Health and Safety Code Section 50079.5*) A low-income household is one where the combined gross incomes of all persons residing in the unit exceeds the adjusted qualifying income limit for Very Low-Income but is less than the

maximum adjusted qualifying income limit allowed for Low-Income households, adjusted for family size, as promulgated annually by HCD.

- **Moderate-Income:** *(Pursuant to Health and Safety Code Section 50093(b))* A moderate-income household is one where the combined gross incomes of all persons residing in the unit exceeds the adjusted qualifying income limit for Low-Income but is less than the maximum adjusted qualifying income limit allowed for Moderate-Income households, adjusted for family size, as promulgated and revised annually by HCD.

Affordable Housing Cost: *(Pursuant to Health and Safety Code Sections 33742, 50052.5)* For owner-occupied properties, affordable housing costs includes the following monthly amounts: the mortgage principal and interest payment, property taxes and insurance, mortgage insurance and/or homeowner's association dues if applicable, and a reasonable amount for utilities (generally includes gas, electricity, water and trash) and maintenance of the property.

The amount used to determine monthly utility costs may be determined by staff and could be a local average based on the number of occupants, a local average based on the square footage of the housing unit, or the amounts established annually by the County of Los Angeles for its Housing Assistance Program. As a matter of policy, at staff's discretion, an amount may be included for maintenance of the property.

Per Health and Safety Code Section 50052.5 (h), in determining the applicable maximum affordable housing cost that would be allowed, the family size is adjusted (or "imputed") based on the number of persons appropriate for the unit size (number of bedrooms). The code section identifies that "adjusted for family size appropriate for the unit" shall mean 1 person for a studio unit, 2 persons for a 1 bedroom unit, 3 persons for a 2 bedroom unit, 4 persons for a 3 bedroom unit, and 5 persons for a 4 bedroom unit. For example, if a 3 bedroom home is purchased by a 2 person household, the applicable housing cost for the 3 bedroom home would, nonetheless, be calculated based on an imputed 4-person household rather than the actual household size of 2 persons.

For any owner-occupied housing that receives assistance after January 1, 1991, total monthly affordable housing costs shall be calculated as follows:

- For **Extremely Low-Income** households the maximum monthly housing costs may not exceed one-twelfth (1/12) of the product of 30 percent times 30 percent of area median income adjusted for family size appropriate for the unit. *(Note: currently the Carson Redevelopment Agency does not have a production requirement to provide housing units affordable to extremely low-income households.)*
- For **Very Low-Income** households the maximum housing costs may not exceed one-twelfth (1/12) of the product of 30 percent times 50 percent of area median income adjusted for family size appropriate for the unit.
- For **Low-Income** households the maximum housing costs is calculated as one-twelfth (1/12) of the product of 30 percent times 70 percent of area median income adjusted for family size appropriate for the unit. However, the Agency has the option to determine that Low-Income households that have gross incomes between 70 percent and 80 percent of area median income may have maximum housing costs that do not exceed

30 percent of the household's gross income. Such an optional provision would need to be included in the program controlling documents.

- For **Moderate-Income** households the maximum housing costs is calculated as one-twelfth (1/12) of the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. However, for Moderate-Income owner-occupied housing units the minimum housing cost may not be less than one-twelfth (1/12) of the product of 28 percent of the household's gross income. The Agency has the option to determine that Moderate-Income households that have gross incomes between 110 percent and 120 percent of area median income may have maximum housing costs that do not exceed 35 percent of the household's gross income. Such an optional provision would need to be included in the program controlling documents.

Affordable housing costs for households who own a mobile home would include the monthly mortgage principal and interest payment, the space rent for the space the mobile home occupies, personal property tax on the mobile home, DMV registration fees, mortgage insurance and/or homeowner's association dues, if applicable, and a reasonable amount for those utilities that are not included in the monthly space rent (generally including gas, electricity, water and trash) and maintenance of the property. In adjusting housing costs or rents for household size, Redevelopment Law assumes that 1 person will occupy an RV, 2 persons will occupy a single-wide mobile home, and 3 persons will occupy a double-wide or multi-sectional mobile home.

Affordable Rent: *(Pursuant to Health and Safety Code Sections 33742, 50053)* Affordable rent for multifamily rental units includes the monthly rent plus a reasonable utility allowance. The amount included for monthly utility costs may be determined by staff and could be a local average based on the number of occupants, a local average based on the square footage of the housing unit, or the amounts established annually by the County of Los Angeles for its Housing Assistance Program. The same family size adjustments appropriate for the unit are used as identified above for owner-occupied units.

For any rental housing that receives assistance after January 1, 1991, the maximum monthly affordable rents including a reasonable allowance for utilities shall be calculated as follows:

- For **Extremely Low-Income** households the maximum rent may not exceed one-twelfth (1/12) of the product of 30 percent times 30 percent of area median income adjusted for family size appropriate for the unit. (Note: currently the Carson Redevelopment Agency does not have a production requirement to provide housing units affordable to Extremely Low-Income households.)
- For **Very Low-Income** households the maximum rent may not exceed one-twelfth (1/12) of the product of 30 percent times 50 percent of area median income adjusted for family size appropriate for the unit.
- For **Low-Income** households the maximum housing costs is calculated as one-twelfth (1/12) of the product of 30 percent times 60 percent of area median income adjusted for family size appropriate for the unit. However, the Agency has the option to determine that Low-Income households that have gross incomes between 60 percent and 80 percent of area median income may have maximum monthly rents that do not exceed 30 percent of the household's gross income. Such an optional provision would need to be included in the program controlling documents.

- For **Moderate-Income** households the monthly rent is calculated as one-twelfth (1/12) of the product of 30 percent times 110 percent of area median income adjusted for family size appropriate for the unit. However, the Agency has the option to determine that Moderate-Income households that have gross incomes between 110 percent and 120 percent of area median income may have maximum monthly rent that does not exceed 30 percent of the household's gross income. Such an optional provision would need to be included in the program controlling documents.

Affordable rent for tenants of mobile home parks would include the amount for rental of the mobile home, the amount for rent of the space the mobile home occupies if paid by the tenant, and a reasonable amount for utilities that are not included in the space rent (generally including gas, electricity, water and trash). The same family size adjustments are used. See *Table 3 on page 15*.

Elderly (Senior): (*Pursuant to Health and Safety Code Section 50067*) California Redevelopment Law defines elderly as a household in which the head of the household is at least 60 years of age, or an elderly or handicapped household. The age may be adjusted by the Agency to facilitate participation in other municipal, state or federal programs, i.e. in other state and federal projects including those that receive low income housing tax credits from the Tax Credit Allocation Committee, a senior citizen household is defined, in accordance with State and Federal Fair Housing Law, as one in which the head of household is 55 years of age or older (except for federal housing programs which may have a different limitation (age 62 and over)).

Gross Income: (*Source: California Code of Regulations Section 6914*) Gross income is the total of the true gross wages and other income, both taxable and non-taxable, of everyone living in the household at the time of eligibility determination, regardless of relationship, equity ownership in the property, or responsibility for a rental agreement or lease, including the following:

- amount of wages, salaries, overtime pay, commissions, fees, tips and bonuses, and payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (before payroll deduction)
 - net income from business or profession or rental of property (without deduction for repayment of debts or expansion of business)
 - interest and dividends
 - periodic receipts such as social security, annuities, pensions, retirement funds, insurance policies, disability or death benefits, alimony, child support, regular contributions or gifts from persons not occupying unit
 - public assistance allowance or grant plus excess of maximum allowable for shelter or utilities over the actual allowance for such purposes
 - regular and special pay and allowances of a member of armed services (whether or not living in the dwelling) who is the head of the family or spouse.
- LESS: Portion of above items which are income of a family member who is less than 18 years old or a full-time student

Note: The following items are not considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payment such as inheritances, insurance payments, capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; government

benefits to a veteran for education; special pay to a serviceman head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

Handicapped: *(Pursuant to Health and Safety Code Section 19903, 50072)* The term "handicapped" refers to a family in which the head of the household suffers from an orthopedic disability which impairs that person's mobility or ability to seek employment, or a developmental disability or mental disorder. It also refers to a single person with a physical disability which requires special care or facilities in the home.

Monitoring: *(Pursuant to Health and Safety Code Section 33418)* Agencies are required to obtain annual monitoring certifications of affordable units to determine whether properties or projects which have received Redevelopment Agency assistance are in income and/or occupancy compliance with the project requirements. In addition, per AB-987 effective January 1, 2008, agency's are required to prepare and annually update a database of all affordable housing units developed or otherwise assisted with moneys from the low- and moderate-income housing funds or otherwise counted towards fulfilling the agency's affordable housing production requirements pursuant to CRL Section 33413 (a) or (b), and to make the database available to the public on the Internet.

For **owner-occupied properties**, the monitoring requirement is to certify that the housing unit continues to be occupied by the household who received the assistance; the annual occupancy certification request is directed to each property owner who responds directly to Agency staff or program consultant.

For **multi-family rental projects**, the monitoring requirement is to verify that the project meets the affordability requirements stipulated by the affordable housing program. These requirements may include the provision that a specific number of units be rented to certain income categories at an affordable rent. The inquiry is directed to the property owner who is responsible for: a) obtaining annual income re-certifications from tenants; b) certifying that the project contains the appropriate percentage of the income categories and/or the number of units at affordable rent as stipulated by the project's controlling document (typically the DDA and Regulatory Agreement); and c) certifying that the project meets or exceeds the affordability requirements under the applicable agreements.

The **affordable housing database** must contain information for each owner-occupied or rental unit, or for each group of units if more than one unit is subject to the same covenant, that identifies:

1. the street address and parcel number of the property;
2. the size of each unit by number of bedrooms;
3. the year in which the construction or substantial rehabilitation was completed;
4. the date of recordation and document number of the affordability covenants or restrictions;

5. the date the covenants or restrictions expire; and,
6. for owner-occupied units that have changed ownership during the reporting year, the date and document number of the new affordability covenants or documents recorded to assure that the affordability restriction is enforceable and continues to run with the land.

Residence: *(Pursuant to Health and Safety Code Section 37912(k))* A residence is a real property which has been improved with a residential structure which may be single or multi-family construction. A mobile home is considered a residence. The term “residence” also includes condominiums, cooperative dwelling units, and resident hotels where not less than one-half of the occupied units are occupied on a non-transient basis.

III. Monitoring Process

Monitoring is an annual requirement that applies to all affordable housing programs or projects provided by the Agency using local, state and/or federal funding sources. The Agency is required to conduct annual monitoring and obtain certifications from tenants/owners of affordable units to determine whether properties or projects which have received Agency financial assistance are in income and/or occupancy compliance with applicable agreements and project requirements. Monitoring is performed to ensure that the funds expended are used for their intended purpose for the duration of the affordability provisions. In addition to the compliance aspect, another objective of monitoring is to provide evidence that the Agency has made a “best efforts” attempt to comply with the law in the event the housing program records are audited.

Per AB-987, effective January 1, 2008, redevelopment agency’s are also required to prepare and annually update a database of all affordable housing units developed or otherwise assisted with LMIHF money or otherwise counted towards fulfilling the agency’s affordable housing production requirements pursuant to CRL Section 33413 (a) or (b), and to make the database available to the public on the Internet.

The on-going monitoring process described on the following pages is based on the assumption that for each assisted housing unit or project the initial household eligibility review and qualification work was done correctly by the developer/owner and/or the Agency.

Owner-Occupied Properties

The monitoring process for owner-occupied properties pertains to households who received an Agency loan or grant to assist them to purchase a home or to rehabilitate a property they already own. Agency housing programs generally require that the financially assisted property be a single family residence or mobile home that is owner-occupied.

For **owner-occupied properties**, the monitoring requirement is to certify that the household who received the Agency financial assistance continues to own and occupy the property as its primary residence; that the owner is in compliance with other requirements under the applicable agreement(s); and that ownership has not changed without the Agency’s knowledge. However, in the event ownership has changed, monitoring is performed to ensure that 1) the gross income of the new owner falls within the qualifying income limit for the unit, 2) that the affordable housing cost does not exceed the applicable limit, and 3) that an enforceable affordability covenant is recorded for the property.

Monitoring Process and Timeline for Owner-Occupied Properties

Step 1: Compile a list of owner-occupied projects with Agency assistance.

Each affordable housing program or project should have a detailed list of the recipients of the assistance which provides at minimum: the property owner’s name, the address and parcel number, household size by number of persons, unit size by number of bedrooms, gross household income, income category, and any other information that will summarize the program’s requirements. Assuming that the initial household eligibility review and qualification work was done correctly, this information should be available.

Step 2: Prepare a letter and form for mailing to property owners.

Each year, the owner of each property that received assistance is to be mailed a cover letter and certification form; see the samples marked Exhibits 1a and 1b in the Attachment section of this Manual. The form is widely used by redevelopment agencies in their monitoring activities. If the affordable housing database is maintained on an MS Excel spreadsheet, as suggested, the mailing can be accomplished by merging specific data fields into the letter and/or form.

The form needs to be completed by the property owner and returned along with additional documentation to substantiate their continuing ownership and occupancy of the unit. Copies of the following documents may be requested as **verification of continuing ownership and program compliance**: a) the most recent property tax bill and evidence of payment; b) property insurance policy statement; or c) two most recent mortgage payment statements. These documents are usually mailed to the property owner's home of record and they also identify the subject property. In addition, the following documents should be requested as **verification of continuing occupancy**: a) copies of two most recent utility bills (electric and gas); and b) evidence of payment, both of which are also usually mailed to the property owner's home of record and identify the subject property. While this process may be conducted any time during the year, as an on-going activity based on the date the loan was provided, we recommend that all properties be mailed the monitoring forms on a specific date (April 1st) each year, which will allow for the publishing of the new HCD income limits, if applicable, and for the return of all certifications on or before the fiscal year end.

It is best to specify a short time period when the responses are to be returned. Experience indicates that if the return time is too long, the owner will set the form aside and forget to return it. A two (2) week response time should be established.

Step 3: Review responses to determine owners who have not responded.

For those who do not respond, a second request should be mailed and if a response is still not received, a telephone call to the owner could be made and verbal confirmation obtained.

Step 4: Staff reviews returned information.

The results of the continuing occupancy certification should be tabulated and summarized in a database spreadsheet and/or noted on the program assistance list.

Step 5: Try to contact owners who have not responded.

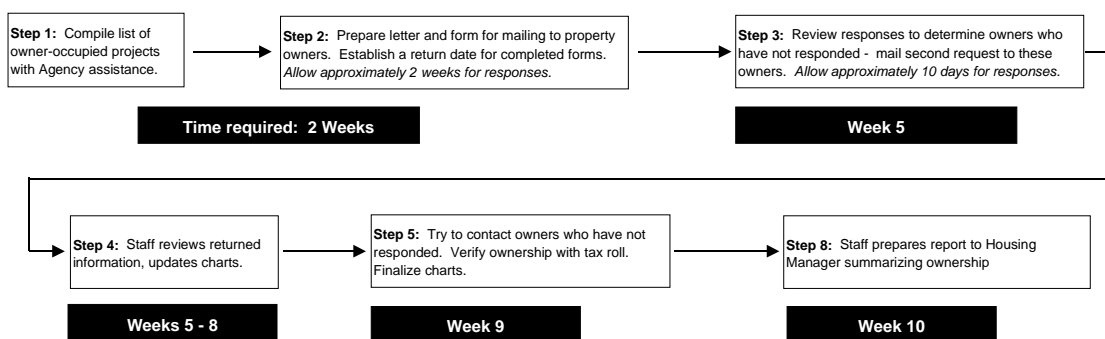
You will undoubtedly run into a percentage of property owners who do not (or will not) respond to information requests. They may even be unwilling or unable, due to age or medical problems, to provide the information you request. In these cases, you may determine that it is acceptable to ask them to provide whatever form of evidence of ownership they have available, or a telephone survey may be sufficient. Alternatively, it may be acceptable to check the property tax rolls with the County Assessor / Tax Collector's office to verify ownership and residency.

Step 6: Staff prepares report to Housing Manager summarizing ownership.

Staff should prepare a report summarizing the compliance status of all owner-occupied housing units. Again, the purpose of monitoring is to be able to demonstrate that the Agency has made a good faith effort to ensure continuing ownership, occupancy, and program compliance, thereby complying with the intent of the law. If an audit were conducted, staff would be able to demonstrate that all reasonable efforts to secure compliance had been made.

The following flow chart reflects the annual monitoring process and timeline for owner-occupied properties.

Monitoring Process (Owner-Occupied Properties)



Multi-Family Rental Properties:

The monitoring process for rental properties pertains to the developer or property owner of multi-family rental projects or mobile home parks that have received Agency financial assistance in exchange for the provision of a certain number of income-restricted units.

For **multi-family rental projects**, the monitoring requirement is to verify that the project meets the affordability requirements stipulated by the affordable housing program. These requirements may include the provision that a specific number of units be rented to certain income categories at an affordable rent. The Agency’s monitoring inquiries are directed to the property owner who is responsible for: a) obtaining annual income re-certifications from tenants; b) certifying that the project contains the appropriate percentage of the income categories and/or the number of units at affordable rent as stipulated by the project’s controlling document (typically the DDA and Regulatory Agreement); and c) certifying that the project meets or exceeds the affordability requirements under the applicable agreements.

Monitoring Process and Timeline for Multi-Family Rental Properties

Step 1: Compile a list of multi-family projects with Agency assistance.

As stated above, each affordable housing program or project should have a detailed list of the recipients of the assistance.

Step 2: Prepare letter and form for mailing to developer or property manager.

This monitoring process involves mailing a cover letter along with the tenant annual income recertification forms and landlord rental certification form to the property owner who is responsible for obtaining the appropriate information and income certifications from the tenants and also responsible for providing the property owner's certification that:

- 1) each tenant's gross household income still meets the income limit criteria pursuant to the affordability covenants or restrictions;
- 2) the affordable rent amounts are appropriate to that household's income adjusted for family size appropriate to the unit size pursuant to the affordability covenants or restrictions applicable to that project, and
- 3) the project, as a whole, meets the project's affordability requirements pursuant to the applicable affordability documents.

The property owner is responsible for obtaining the necessary information and back-up documentation from the tenants and verifying its accuracy. The owner is also to complete the landlord certification form which is to be returned along with a current rent roll and tenant listing which details household size, number of bedrooms in the unit, gross household income and rent charged. Exhibits 2a, 2b and 2c in the Attachment section of this Manual provide a sample Tenant Income Certification Form, Property Owner/Manager Letter and Compliance Certification Form (all in English and Spanish language versions).

Step 3: Verify that all responses have been received.

Property owners of multi-family rental projects are usually responsive to the monitoring request because the project controlling document likely contains remedies for non-compliance and if the project is bond funded, such non-compliance will cause the bonds to be in default. Nonetheless, if property owners fail to provide timely responses to the monitoring letter, it may be necessary to reference the potential condition of default for their failure to provide the information requested.

While the monitoring process may be conducted any time during the year as an on-going activity based on the date the loan was provided, we recommend that all property owners be mailed the monitoring forms on a specific date (April, 1st) each year, which will allow for the publishing of the new HCD qualifying income limits and for the return of all certifications on or before the fiscal year end. This will also afford landlords the opportunity to provide tenants with notices for any rent increases to be reflected in the rent rolls which are limited in accordance with the new income limits promulgated by HCD.

Step 4: Staff reviews returned information.

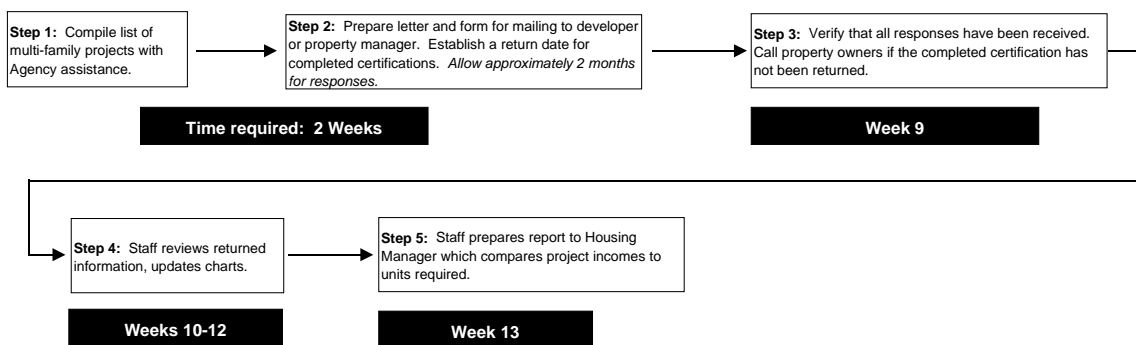
After responses have been received, they should be maintained in a manner that will provide accessibility for future reference.

Step 5: Staff prepares report to Housing Manager.

The report should summarize the compliance status of all rental properties that have received Agency assistance and should identify whether they meet the affordability requirements of the applicable affordability documents.

The following flow chart reflects the annual monitoring process and timeline for multifamily rental units.

Monitoring Process (Multi-Family Programs)



AB-987 Affordable Housing Database

As stated above, the Agency is required to prepare and annually update a database of all affordable housing units developed or otherwise assisted with LMIHF money or otherwise counted towards fulfilling the Agency's affordable housing production requirements. The Agency must make this database available to the public on the Internet.

The **affordable housing database** must contain information for each owner-occupied or rental unit, or for each group of units if more than one unit is subject to the same covenant, that identifies:

1. the street address and parcel number of the property;
2. the size of each unit by number of bedrooms;
3. the year in which the construction or substantial rehabilitation was completed;
4. the date of recordation and document number of the affordability covenants or restrictions;
5. the date the covenants or restrictions expire; and,

6. for owner-occupied units that have changed ownership during the reporting year, the date and document number of the new affordability covenants or documents recorded to assure that the affordability restriction is enforceable and continues to run with the land.

IV. Income and Housing Cost Limits

California Redevelopment Law

Since the properties addressed in this Manual have either received financial assistance by the Agency using LMIHF moneys or have been otherwise assisted by the Agency and counted toward fulfilling the affordable housing requirements of the Agency, applicable sections of the CRL must be applied. The State legislature determined that the provision of affordable housing is a fundamental purpose of redevelopment and included certain affordable housing production requirements and LMIHF expenditure limitations in the CRL. A summary of specific affordable housing requirements under the CRL is provided in the Appendix to this Manual.

The CRL requires that at least 20 percent of the Agency's total tax increment revenue generated in redevelopment project areas be deposited annually into a separate LMIHF to be used solely for the purpose of increasing, improving and preserving the community's supply of housing units available at an affordable housing cost for persons and families of low and moderate-income. The CRL also requires that at least 15 percent of new and substantially rehabilitated units produced within a project area be available to and for occupancy by persons and families at an affordable housing cost to a Low- and Moderate-Income household, of which not less than 40% are to be available to Very Low-Income households. If the new and substantially rehabilitated units are produced by a redevelopment agency, the forgoing production requirement is increased to 30% of the units to be affordable to Low- and Moderate-Income households of which not less than 50% must be available to Very Low-Income households. An agency may exercise any or all of its broad powers under the CRL for the construction, rehabilitation, or preservation of affordable housing units in the community.

The CRL identifies the methodology to be used in determining affordable housing eligibility and housing cost for Low- and Moderate-Income households. The approach involves two distinct, but related steps, as follows:

- **Step 1:** determine the household's eligibility to participate in affordable housing programs and projects of the City and Agency based on the adjusted qualifying income limits adjusted for family size for Very Low-, Low- and Moderate-Income households, as published by HCD (see "Affordable Housing Qualifying Income Limits" definition); and
- **Step 2:** determine the maximum affordable housing cost for an affordable unit adjusted for family size appropriate for the unit (see "Affordable Housing Cost" and "Affordable Rent" definitions), and determine the minimum housing cost in the case of Moderate-Income units.

Step 1: Determine Household's Eligibility to Participate

Area Median Income and Qualifying Income Limits

Table 1 below identifies the 2009 Los Angeles County area median incomes adjusted for family size and the corresponding adjusted qualifying income limits adjusted for family size for Very Low-, Low- and Moderate-Income households as established and published by HCD annually, typically in early spring. The adjusted qualifying income limits are the same for both owner and renter-occupied programs and projects. Note: the median incomes and qualifying income limits for each income category are subject to change annually.

Table 1
2009 Los Angeles County Qualifying Income Limits

Household Size	Area Median Income	Ext. Low-Income	VeryLow-Income	Low-Income	Moderate-Income
		Qualifying Income Limits	Qualifying Income Limits	Qualifying Income Limits	Qualifying Income Limits
1 Person	\$43,450	\$16,650	\$27,750	\$44,400	\$52,150
2 Person	\$49,700	\$19,050	\$31,700	\$50,750	\$59,600
3 Person	\$55,900	\$21,400	\$35,700	\$57,100	\$67,050
4 Person	\$62,100	\$23,800	\$39,650	\$63,450	\$74,500
5 Person	\$67,050	\$25,700	\$42,800	\$68,550	\$80,450
6 Person	\$72,050	\$27,600	\$46,000	\$73,600	\$86,400
7 Person	\$77,000	\$29,500	\$49,150	\$78,700	\$92,400
8 Person	\$81,950	\$31,400	\$52,350	\$83,750	\$98,350

Qualifying Income Limits reflect the maximum adjusted gross annual income of all members of the household for each household size and income category.

Qualifying Income Limits for Los Angeles County published by the California Department of Housing and Community Development

The table shows, for example purposes, that for a four-person household (highlighted), the area median income adjusted for household size is \$62,100 and the qualifying income limits are as follows:

- if a four-person household's income is not more than 23,800, the household will qualify as Extremely Low-Income;
- if a four-person household's gross annual income is more than \$23,800 but not greater than \$39,650, the household will qualify as Very Low-Income;
- if a four-person household's gross annual income is more than \$39,650 but not greater than \$63,450, the household will qualify as Low-Income;
- if the four-person household's annual gross income is more than \$63,450 but not greater than \$74,500, the household will qualify as Moderate-Income; and
- if the household's gross annual income exceeds \$74,500, it would not be eligible to receive Agency assistance using moneys from the LMIHF.

Step 2: Determine the Maximum Affordable Housing Cost

Affordable Housing Cost for Owner-Occupied (Home Purchase) Programs:

Table 2 below identifies the maximum monthly housing costs for affordable owner-occupied housing units available to and for occupancy by Very Low-, Low- and Moderate-Income households pursuant to CRL Sections 50052.5 (b) (2), (3), and (4). Note: the monthly

affordable housing costs are subject to change annually based on changes to the area median incomes established by HCD.

Table 2

2009 Los Angeles County Affordable Owner Housing Cost Limits					
Unit Size	Imputed Household Size ^{1.}	Area Median Income	Very Low-Income	Low-Income	Moderate-Income
			Affordable Housing Cost ^{2.}	Affordable Housing Cost ^{3.}	Affordable Housing Cost ^{4.}
Studio	(1 Person)	\$43,450	\$543	\$760	\$1,394
1 Bedroom	(2 Person)	\$49,700	\$621	\$870	\$1,595
2 Bedrooms	(3 Person)	\$55,900	\$699	\$978	\$1,793
3 Bedrooms	(4 Person)	\$62,100	\$776	\$1,087	\$1,992
4 Bedrooms	(5 Person)	\$67,050	\$838	\$1,173	\$2,151
5 Bedrooms	(6 Person)	\$72,050	\$901	\$1,261	\$2,312
6 Bedrooms	(7 Person)	\$77,000	\$963	\$1,348	\$2,470

Monthly Housing Costs are rounded and include mortgage payments of principal and interest, mortgage and property insurance, property taxes, HOA fees, and Utilities

1. Imputed Household Size reflects "adjusted for family size appropriate for the unit" per H&S Code Section 50052.5(h).
2. Very Low-Income affordable housing cost calculated at 1/12 of 30% X 50% area median income per H&S Code 50052.5(b)(2)
3. Low-Income affordable housing cost computed at 1/12 of 30% X 70% area median income per H&S Code 50052.5(b)(3)
4. Moderate-Income affordable housing cost computed at 1/12 of 35% X 110% area median income (may not be less than 28% of household's income) per H&S Code 50052.5(b)(4)

2009 Area Median Incomes for Los Angeles County published by the Californian Department of Housing and Community Development

The table above identifies, for example purposes, the maximum monthly affordable housing cost for a family of any size occupying a three-bedroom unit (highlighted) based on an imputed four-person household size per CRL Section 50052. Based on the highlighted example, the affordable housing cost per income category would be as follows:

- the maximum affordable housing cost for a **Very Low-Income** three-bedroom unit would not exceed \$776, which reflects one-twelfth (1/12) of the product of 30 percent times 50 percent of area median income adjusted for household size (imputed as four persons) appropriate for the unit;
- the maximum affordable housing cost for a **Low-Income** three-bedroom unit would permit a total monthly housing cost of \$1,087, which reflects one-twelfth (1/12) of the product of 30 percent times 70 percent of area median income adjusted for household size appropriate for the unit;
- the maximum affordable housing cost for a **Moderate-Income** three-bedroom unit would permit a total monthly housing cost of \$1,992, which reflects one-twelfth (1/12) of the product of 35 percent times 110 percent of area median income adjusted for household size appropriate to the unit. However, total monthly housing costs for Moderate-Income households may not be less than one-twelfth (1/12) of the product of 28 percent of the actual gross income of the household.

It should be noted that monthly affordable housing cost is a factor used to calculate estimated **affordable housing prices** for Low and Moderate Income households. As shown in Exhibits 3a and 3b in the Attachments section of this Manual, affordable unit pricing is calculated based on the maximum monthly housing cost, which is then reduced per the CRL to reflect other housing related expenses, including real estate taxes, property insurance, allowance for utilities, HOA fees and other assessments, leaving the maximum amount available for payment of principal and interest on the primary loan amount. The primary (or performing) loan amount is

reflected as a loan on which both principal and interest is due and payable each month, which is typically reflected by a Promissory Note secured by a First Deed of Trust. The maximum amount available for debt service is used to calculate the maximum primary/performing loan amount based on the interest rate and amortization period of the loan. The primary loan amount coupled with the home buyer down payment and any other non-performing (deferred) loans including, but not limited to, an Agency deferred payment financing loan, is used to identify the maximum affordable housing price for the respective unit sizes and income categories.

EXAMPLES:

- 1) If a three-bedroom home were to be purchased for occupancy by a two-person Low-Income household, their qualifying income limit would be \$50,750 (Table 1). The three-bedroom home's affordable price would be based on an imputed four-person household reflecting total monthly housing costs of \$1,087 (Table 2). In order for the two-person Low-Income household to purchase the larger three-bedroom home, they would need to: a) make a down payment in an amount large enough to reduce their total monthly housing costs to \$870, or b) qualify for the higher loan amount and be able to make the higher \$1,087 monthly housing payments.
- 2) If the same three-bedroom home were to be purchased for occupancy by a five-person Low-Income household, their qualifying income limit would be \$68,550 (Table 1). The three-bedroom home price is based on an imputed four-person household reflecting a monthly housing cost of \$1,087 (Table 2). The five-person Low-Income household may purchase the three-bedroom unit on the basis of the lower monthly housing cost for the unit or purchase a four bedroom unit for which it may otherwise be qualified to purchase.
- 3) If a residential unit is income-restricted for Very Low-Income households by the Agency's program or project documents, a Low- or Moderate-Income household may not purchase the unit. However, if the unit were restricted for Moderate-Income households, a Very Low- or Low-Income household may purchase the unit but would likely need to pay the higher purchase price based on that which would be applicable to the unit size based on the imputed family size median income, if they were otherwise qualified by the lender's underwriting standards.

Affordable Housing Cost for Multi-family Rental Programs:

Table 3 below identifies the maximum net monthly rents after deductions for the multi-family rental monthly utility allowances based on the corresponding Los Angeles County 2009 area median incomes adjusted for family size. Note: the monthly affordable rents are subject to change annually based on changes to the area median incomes published by HCD.

Table 3

2009 Los Angeles County Affordable Rent Limits					
Unit Size	Imputed Household Size ^{1.}	Area Median Income	Very Low-Income	Low-Income	Moderate-Income
			Monthly Affordable Rent ^{2.}	Monthly Affordable Rent ^{3.}	Monthly Affordable Rent ^{4.}
Studio	(1 Person)	\$43,450	\$503	\$612	\$1,155
1 Bedroom	(2 Person)	\$49,700	\$569	\$694	\$1,315
2 Bedrooms	(3 Person)	\$55,900	\$633	\$773	\$1,471
3 Bedrooms	(4 Person)	\$62,100	\$694	\$850	\$1,626
4 Bedrooms	(5 Person)	\$67,050	\$746	\$914	\$1,752
5 Bedrooms	(6 Person)	\$72,050	\$767	\$947	\$1,847
6 Bedrooms	(7 Person)	\$77,000	\$804	\$996	\$1,959

Monthly Affordable Rent Limits exclude allowances for utilities.

1. Imputed Household Size reflects "adjusted for family size appropriate for the unit" per H&S Code Section 50052.5(h).
2. Very Low-Income affordable rent computed at 1/12 of 30% X 50% median income per H&S Code Section 50053(b)(2)
3. Low-Income affordable rent computed at 1/12 of 30% X 60% median income per H&S Code Section 50053(b)(3)
4. Moderate-Income affordable rent computed at 1/12 of 30% X 110% median income per H&S Code Section 50053(b)(4)

2009 Area Median Incomes for Los Angeles County published by the California Department of Housing and Community Development.

The table above identifies, for example purposes, the maximum net monthly affordable rent for a family of any size occupying a three-bedroom unit (highlighted) based on an imputed four-person household size per CRL Section 50052. Based on the highlighted example, the maximum net monthly affordable rent per income category would be as follows:

- the maximum affordable monthly rent for a three-bedroom unit (highlighted) available to and for occupancy by a **Very low-income** household would not exceed \$694, which reflects one-twelfth (1/12) of the product of 30 percent times 50 percent of area median income adjusted for household size (imputed as four persons) appropriate for the unit;
- the maximum affordable monthly rent for a three-bedroom unit available to and for occupancy by a **Low-income** household would permit a total monthly housing cost of \$850, which reflects one-twelfth (1/12) of the product of 30 percent times 60 percent of area median income adjusted for household size appropriate for the unit;
- the maximum affordable monthly rent for a three-bedroom unit available to and for occupancy by a **Moderate-income** household would permit a total monthly housing cost of \$1,626, which reflects one-twelfth (1/12) of the product of 30 percent times 110 percent of area median income adjusted for household size appropriate to the unit.

It should be noted that where Agency assistance is provided in conjunction with other state or federal assistance such as low income housing tax credits ("LIHTC"), the more restrictive of the respective program income limits and net monthly rents should be applied.

EXAMPLES:

1. If a three-bedroom unit were to be rented for occupancy by a two-person Low-Income household, the household qualifying income limit would be \$50,750 (Table 1). The three-bedroom unit's maximum permitted net monthly rent would be based on an imputed four-person household reflecting maximum net monthly rent of \$850. In order for the two-person household to rent the larger three-bedroom unit, they would need to: a) be able to make the higher \$850 monthly rent payments, or b) rent a less expensive unit or a smaller one-bedroom unit.

2. If the same three-bedroom unit were to be rented for occupancy by a five-person Low-Income household, their qualifying income limit would be \$68,550 (Table 1). The three-bedroom unit's maximum permitted net monthly rent is based on an imputed four-person household reflecting a maximum net monthly rent of \$850. The five-person low-income household may rent the three-bedroom unit on the basis of the lower net monthly rent for the unit or rent a four bedroom unit for which it may otherwise be qualified.
3. If a unit is income-restricted for very low-income households by the Agency's program or project documents, a Low-Income household may not rent the unit. However, if the unit were restricted for Moderate-Income households, a Very Low- or Low-Income household may rent the unit but would likely need to pay the higher net monthly rent that would be applicable to the unit size based on the imputed family size median income.

Attachments - Exhibits, Forms and Worksheets

Exhibit 1a
Owner-Occupied Annual Recertification Cover Letter

< [Date](#) >

< [Owner](#) >

< [Address](#) >

Carson, CA < [Zip](#) >

CITY OF CARSON HOME OWNER ASSISTANCE PROGRAM – ANNUAL RECERTIFICATION MONITORING

The Carson Redevelopment Agency (“Agency”) provided you with a second trust deed loan to assist you in purchasing or rehabilitating a single-family home in the City of Carson. Per California Community Redevelopment Law (“Redevelopment Law”), Article 8, Section 33418(a), annual certifications are required by owners participating in the Agency’s First Time Homebuyer Program and other affordable housing assistance programs to ensure continuing program compliance under Redevelopment Law and the Agreements between the Agency and home owners.

Please complete and return the enclosed monitoring form, and submit copies of your most recent utility bills. These documents must be returned by July 15, 2009. A return envelope is enclosed for your convenience.

In addition, effective January, 1, 2008, Agencies are required to compile and maintain a database of existing, new and substantially rehabilitated housing units developed or otherwise assisted with Agency housing funds. This data must be made available to the public on the Internet and updated on an annual basis. This is to inform you that the Agency is compiling the database and will be posting it on the City of Carson web page this year to comply with the requirements under the law. While the database must include, among other public information, the property address and assessor parcel number for every property receiving Agency assistance, the Agency will strive to keep information regarding the properties as confidential as permitted under the law.

Rosenow Spevacek Group, Inc. (“RSG”) is the Agency’s housing program consultant and in that capacity assists the Agency in meeting their annual monitoring requirements for affordable housing programs.

If you have any questions regarding this matter, please contact Becky Caha of RSG at (714) 316-2105.

Thank you for your cooperation.

< Fecha >

< Nombre >

< Domicilio >

Carson, CA < Zip >

CUIDAD DE CARSON - PROGRAMA MONITOR ANNUAL DE RECERTIFICACION DE CUBIERTA

La Agencia de Reconstrucción en la Ciudad de Carson le otorgo un segundo préstamo como acto de confianza para ayudarle a comprar o rehabilitar un hogar unifamiliar en la Ciudad de Carson. Conforme al Artículo 8 de La Ley de Reconstrucción de la Comunidad de California, Sección 33418 (a), recertificación anual es requerida de los participantes del programa de vivienda y de La Ley de Reurbanización los acuerdos entre la Agencia y del Propietario

Por favor, complete y regresar el informe unido, junto con copias de las más reciente facturas de servicios públicos. Estos documentos deben regresar antes del 15 de julio de 2009. Un sobre con porte pagado esta incluido para su conveniencia.

Partir de enero, 1, de 2008, las agencias están obligadas a recopilar y mantener datos de las existentes, nuevas y rehabilitadas unidades de vivienda asistida o de otro tipo desarrollado con fondos de la Agencia de vivienda. Estos datos deben ser puestos a disposición del público en Internet y actualización sobre una base anual. Esto es para informarle de que la Agencia esta cumpliendo con los datos y será anunciado en la página Internet de la Ciudad de Carson este año para cumplir con los requisitos de La Ley. Los datos debe incluir la información pública de la propiedad y dirección, el número de tasador para cada propiedad de Agencia que recibir asistencia. La Agencia procurará mantener la información relativa a las propiedades confidencial como lo permita La Ley.

El Grupo Rosenow Spevacek, Inc. ("RSG") es el consultor de programa de cubierta de la Agencia, en esa capacidad asistimos a la Agencia en resolver sus requisitos anuales para programas de vivienda a costo razonables.

Si usted tiene alguna pregunta referente a este asunto, por favor entre en contacto con Becky Caha de RSG al (714) 316-2105.

Gracias por su cooperación.

Exhibit 1b
Owner-Occupied Annual Monitoring Certification Form

ANNUAL MONITORING CERTIFICATION FORM

Home Owner Name : _____

Property Address : _____

Please complete the form below and return in the enclosed self-addressed, stamped envelope.

Is this property occupied by you as your principal residence? Yes No

Were all property taxes and assessments paid before delinquency? Yes No

Please provide the name of your Insurance Carrier: _____
Home Owner Policy Number: _____

Please provide copies of your last two gas and electric bills which reflect the above address for services.

Please use the following lines or the back of this form for any necessary explanations:

I/We declare under penalty of perjury that the foregoing is true and correct.

Dated this _____ day of _____, 20__.

Homeowner's Signature

Homeowner's Signature

Ciudad de Carson
FORMA DE CERTIFICACIÓN DE PROPIETARIO-OCUPACIÓN

Dirección: _____ Numero de Unidad: _____
Nombre de Propiedad: _____ Número de Dormitorios: _____

Información del Hogar

(Todos Adultos & Niños que Residen en la Unidad)

Número de Miembro	Apellido	Nombre	Fecha de Nacimiento	Relación
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Certificación del Hogar y Firmas

Fecha de la Ocupación Inicial: _____

Yo/Nosotros hemos ocupado continuamente esta unidad durante el último período de 12 meses: Si No

Si ha contestado no a la declaración antedicha, proporcione por favor razón escrita para no ocupar la unidad durante el período.

Bajo penas del perjurio, Yo/Nosotros certificamos que la información presentada en esta certificación es verdad y exacta al mejor del conocimiento de mi/nuestra creencia. El infrascrito comprende aún más que el abastecimiento de representaciones falsas adjunto constituye un acto de fraude. La información falsa, engañosa o incompleta puede tener como resultado terminación del acuerdo de arrendamiento.

_____ (Firma)	_____ (Fecha)	_____ (Firma)	_____ (Firma)
_____ (Firma)	_____ (Fecha)	_____ (Firma)	_____ (Firma)

Exhibit 2a
Tenant Annual Income Recertification Form

City of Carson
TENANT INCOME CERTIFICATION FORM
 (Required for Each Affordable Unit)

Address: _____ Unit Number: _____
 Property Name: _____ Number of Bedrooms: _____
 Monthly Rent: _____ Utilities Payments: _____ Other Payments: _____

Household Information
 (All Adults & Children Residing in Unit)

Member Number	Last Name	First Name	Date of Birth	Relationship
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Monthly Income Information
 (For all Adult Household Members)

Member Number	Salary/Wages	Social Security/Pensions	Public Assistance	Other Income
1.	\$ _____	\$ _____	\$ _____	\$ _____
2.	\$ _____	\$ _____	\$ _____	\$ _____
3.	\$ _____	\$ _____	\$ _____	\$ _____
4.	\$ _____	\$ _____	\$ _____	\$ _____
5.	\$ _____	\$ _____	\$ _____	\$ _____
6.	\$ _____	\$ _____	\$ _____	\$ _____
Totals:	\$ _____	\$ _____	\$ _____	\$ _____

Copies of most recent two pay stubs, last year W-2, and last year 1040 federal income tax return must be attached to verify income information.

Household Certification & Signatures

Under penalties of perjury, I/we certify that the information presented in this certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading, or incomplete information may result in the termination of the lease agreement.

_____ (Signature)	_____ (Date)	_____ (Signature)	_____ (Date)
_____ (Signature)	_____ (Date)	_____ (Signature)	_____ (Date)
_____ (Signature)	_____ (Date)	_____ (Signature)	_____ (Date)

Below for City of Carson Review Only.

Annual Household Income: _____ Income Eligibility Level: _____ Review Initial: _____

Ciudad de Carson
FORMA DE CERTIFICACIÓN DE INGRESOS DE ARRENDATARIO
 (Requerido para CADA Unidad Económica)

Dirección: _____ Numero de Unidad: _____
 Nombre de Propiedad: _____ Número de Dormitorios: _____
 Alquiler Mensual: _____ Pago de Utilidades: _____ Otros Pagos: _____

Información del Hogar

(Todos Adultos & Niños que Residen en la Unidad)

Número de Miembro	Apellido	Nombre	Fecha de Nacimiento	Relación
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Información Mensual de Ingresos

(Para todos Miembros Adultos del Hogar)

Número de Miembro	Salarios/Sueldo Otros Ingresos	Seguridad Social/Pensiones	Ayuda Pública	
1.	\$ _____	\$ _____	\$ _____	\$ _____
2.	\$ _____	\$ _____	\$ _____	\$ _____
3.	\$ _____	\$ _____	\$ _____	\$ _____
4.	\$ _____	\$ _____	\$ _____	\$ _____
5.	\$ _____	\$ _____	\$ _____	\$ _____
6.	\$ _____	\$ _____	\$ _____	\$ _____
Totales:	\$ _____	\$ _____	\$ _____	\$ _____

Las copias más recientes de dos talonarios de paga, el W-2 del año pasado, y el 1040 declaración de impuestos federal del año pasado debe ser atado para verificar la información de los ingresos.

Certificación del Hogar y Firmas

Bajo penas del perjurio, Yo/Nosotros certificamos que la información presentada en esta certificación es verdad y exacta al mejor del conocimiento de mi/nuestra creencia. El infrascrito comprende aún más que el abastecimiento de representaciones falsas adjunto constituye un acto de fraude. La información falsa, engañosa o incompleta puede tener como resultado terminación del acuerdo de arrendamiento.

_____ (Firma) _____ (Fecha) _____ (Firma) _____ (Firma)

(Firma)

(Fecha)

(Firma)

(Firma)

(Firma)

(Fecha)

(Firma)

(Firma)

Exhibit 2b
Owner/Landlord Annual Recertification Letter

(Date)

< Developer Name / Address >

< >

< >

< >

AFFORDABLE HOUSING ANNUAL TENANT INCOME RECERTIFICATION

This is also to advise you that the fiscal year 20__-__ Annual Report is due on or before June 30, 20__.

Under Health and Safety Code Section 33418 (California Redevelopment Law) information must be provided annually by participating owners and managers of rental housing units assisted by the Agency enabling the Agency to determine that each tenant household's income and monthly rent payment continues to qualify for affordable housing assistance. Pursuant to the provisions of the Disposition and Development Agreement and Regulatory Agreement (collectively the "Agreement") between the Carson Redevelopment Agency (the "Agency") and <_Developer or Property Owner_>, which provided for financial assistance by the Agency from the Redevelopment Low and Moderate Income Housing Funds moneys, the Owner is responsible for obtaining from each household occupying an income-restricted unit an annual income recertification, which identifies the household's income, family size and monthly rental rate for the occupied unit.

The Landlord/Manager is to obtain the tenant household information for each income restricted unit using the enclosed Tenant Income Certification Form (Exhibit 1), which is to be completed by the tenants occupying the units. The Tenant Income Certifications are to be collected from the tenants and delivered to the Agency by the Landlord/Manager.

The Landlord/Manager is also to complete the enclosed Landlord/Manager Certification Forms (Exhibit 2) and the attached Certification of Continuing Program Compliance for each of the four fiscal years 2004-05 through 2007-08, which is to be returned along with the Tenant Income Certification Forms and copies of the tenant rental roll for each fiscal year which details household size, number of bedrooms in the unit, gross household income and rent charged. For fiscal year 2008-09, the Annual Report providing the rental recertification materials identified above are to be delivered to the Agency within 30 days following receipt of this letter

If you need to discuss this matter, please do not hesitate to call me at (310) <_number_>. Thank you for your cooperation and prompt attention to this matter.

Very truly yours,
CITY OF CARSON

(Name)
(Title)

Enclosures

Exhibit 2c
Landlord/Manager Annual Monitoring Certification Form

Ciudad de Carson
FORMA DE CERTIFICACIÓN DE PROPIETARIO/ENCARGADO
(Requerido para CADA Unidad Económica)

Dirección: _____ Numero de Unidad: _____

Nombre de Propiedad: _____

Restricción de Ingresos Domésticos de la Unidad: (muy bajo _____) (bajo _____) (moderate _____)

50% AMI 80% AMI 120% AMI

Determinación de Elegibilidad de Ingresos

Número Total de Miembros del Hogar: _____ (Adultos _____) (Niños _____)

Número de Recamaras : _____

Totales de Ingresos Domésticos Anuales: \$ _____ Límite Actual de los Ingresos Domésticos: \$ _____

(de todas Fuentes)

(por tamaño del hogar)

Cálculo de Costo de Vivienda Razonable

Alquiler Mensual Pagado por el Incilino: _____

Pagos de Asistencia del Alquiler: _____

Otras Cargas No-Opcionales: _____

Concesión de Utilidades: _____

Coste de Cubierta Mensual Grueso: _____

(el suma de arriba)

Coste de Cubierta Mensual Máximo: _____

(ajustado según el tamaño de la familia apropiado a la unidad)

Certificación de Propietario/Encargado y Firmas

De acuerdo con las representaciones adjuntas y confiadas en las pruebas y los documentos requeridos para ser sometidos por los incilinos de la unidad de alojamiento, este incilino es/son elegible bajo las provisiones de Restricciones de Utilización de la Tierra y de los Convenios Comprables de la Ciudad de Carson, para vivir en la unidad de ingresos-restringidos en este proyecto, y la tarifa de alquiler para esta unidad no excede el máximo permitido bajo los convenios registrados para Viviendas de Bajos Recursos..

(Dueño/Representante)

(Fecha)

(Dueño/Representante)

(Fecha)

Exhibit 3a

Los Angeles County - 2009

Affordable Rental Housing Center City:

City	
Carson	

Area Median Income: \$62,100

Adj. Median Income	Utility Allowance	HUD FRM	Number of	
			Persons	Bedrooms
	Carson		<small>H&S Code 50052.5 (h)</small>	
\$43,450	\$37	\$904	One	Studio
\$49,700	\$48	\$1,090	Two	One
\$55,900	\$61	\$1,361	Three	Two
\$62,100	\$74	\$1,828	Four	Three
\$67,050	\$82	\$2,199	Five	Four
\$72,050	\$122	n.a.	Six	Five
\$77,000	\$144	n.a.	Seven	Six
\$81,950	\$168	n.a.	Eight	Seven

Very Low-Income (50% AMI)

Qualifying Income Limit	Max. Rent 30% X 50%
\$27,750	\$506.13
\$31,700	\$573.25
\$35,700	\$637.75
\$39,650	\$702.25
\$42,800	\$756.13
\$46,000	\$778.63
\$49,150	\$818.50
\$52,350	\$856.38

Low-Income (80% AMI)

Qualifying Income Limit	Maximum Rent Range	
	30% X 60%	30% X 80%
<small>H&S Code 50053.(b)(3)</small>		
\$44,400	\$614.75	\$832.00
\$50,750	\$697.50	\$946.00
\$57,100	\$777.50	\$1,057.00
\$63,450	\$857.50	\$1,168.00
\$68,550	\$923.75	\$1,259.00
\$73,600	\$958.75	\$1,319.00
\$78,700	\$1,011.00	\$1,396.00
\$83,750	\$1,061.25	\$1,471.00

Moderate-Income (120% AMI)

Qualifying Income Limit	Maximum Rent Range	
	30% X 110%	30% X 120%
<small>H&S Code 50053.(b)(4)</small>		
\$52,150	\$1,157.88	\$1,266.50
\$59,600	\$1,318.75	\$1,443.00
\$67,050	\$1,476.25	\$1,616.00
\$74,500	\$1,633.75	\$1,789.00
\$80,450	\$1,761.88	\$1,929.50
\$86,400	\$1,859.38	\$2,039.50
\$92,400	\$1,973.50	\$2,166.00
\$98,350	\$2,085.63	\$2,290.50

Note: Maximum Rent reflects net rent amount after deduction for utility allowance per July 2008 Los Angeles County Housing Authority Utility Allowance Schedule for Multi-Family Units
 Utility Allowance reflects use of Gas for Heating, Cooking and Water Heating per July 2008 Los Angeles County Housing Authority Utility Allowance Schedule for Multi-Family Units
 Highlighted cells for illustrative purposes only.

Los Angeles County - 2009

Ownership Housing Cost Limits

Area Median Income: \$62,100

Adj. Median Income	Utility Allowance	HUD FRM	Number of	
			Persons	Bedrooms
	Central		<small>H&S Code 50052.5 (h)</small>	
\$43,450	\$75	n.a.	One	Studio
\$49,700	\$88	n.a.	Two	One
\$55,900	\$104	n.a.	Three	Two
\$62,100	\$122	n.a.	Four	Three
\$67,050	\$135	n.a.	Five	Four
\$72,050	\$180	n.a.	Six	Five
\$77,000	\$207	n.a.	Seven	Six
\$81,950	\$236	n.a.	Eight	Seven

Very Low-Income (50% AMI)

Qualifying Income Limit	Max. Rent 30% X 50%
\$27,750	\$543.13
\$31,700	\$621.25
\$35,700	\$698.75
\$39,650	\$776.25
\$42,800	\$838.13
\$46,000	\$900.63
\$49,150	\$962.50
\$52,350	\$1,024.38

Low-Income (80% AMI)

Qualifying Income Limit	Affordable Housing Cost	
	30% X 70%	30% X 80%
<small>H&S Code 50052.5(b)(3)</small>		
\$44,400	\$760.38	\$869.00
\$50,750	\$869.75	\$994.00
\$57,100	\$978.25	\$1,118.00
\$63,450	\$1,086.75	\$1,242.00
\$68,550	\$1,173.38	\$1,341.00
\$73,600	\$1,260.88	\$1,441.00
\$78,700	\$1,347.50	\$1,540.00
\$83,750	\$1,434.13	\$1,639.00

Moderate-Income (120% AMI)

Qualifying Income Limit	Affordable Housing Cost	
	35% X 110%	35% X 120%
<small>H&S Code 50052.5(b)(4)</small>		
\$52,150	\$1,394.02	\$1,520.75
\$59,600	\$1,594.54	\$1,739.50
\$67,050	\$1,793.46	\$1,956.50
\$74,500	\$1,992.38	\$2,173.50
\$80,450	\$2,151.19	\$2,346.75
\$86,400	\$2,311.60	\$2,521.75
\$92,400	\$2,470.42	\$2,695.00
\$98,350	\$2,629.23	\$2,868.25

Note: Affordable Housing Cost reflects gross amount available for housing before deductions for utility allowance, RE Taxes & Insurance, HOA and other fees.
 Utility Allowance reflects use of Gas for Heating, Cooking and Water Heating per July 2008 Los Angeles County Housing Authority Utility Allowance Schedule for Single-Family Units
 Highlighted cells for illustrative purposes only.

Exhibit 3b

City of Carson - 2009 Affordable Ownership Unit Pricing Calculations

SUMMARY	Very Low-Income					Low-Income					Moderate-Income				
	\$31,700	\$35,700	\$39,650	\$42,800	\$46,000	\$50,750	\$57,100	\$63,450	\$68,550	\$73,600	\$59,600	\$67,050	\$74,500	\$80,450	\$86,400
Household Income Limits															
Households Size	2 person	3 person	4 person	5 person	6 person	2 person	3 person	4 person	5 person	6 person	2 person	3 person	4 person	5 person	6 persons
Dwelling Unit Size	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms
Max. Monthly Housing Cost	\$621.25	\$698.75	\$776.25	\$838.13	\$900.63	\$869.75	\$978.25	\$1,086.75	\$1,173.38	\$1,260.88	\$1,594.54	\$1,793.46	\$1,992.38	\$2,151.19	\$2,311.60
Less: Taxes (1.15%)	45.89	54.55	62.24	68.99	70.98	83.55	96.91	109.31	119.81	125.59	193.41	220.48	246.58	268.02	284.85
Insurance (0.3%)	30.52	34.88	43.59	47.95	52.31	30.52	34.88	43.59	47.95	52.31	30.52	34.88	43.59	47.95	52.31
HOA Fees & Other	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Utilities	88.00	104.00	122.00	135.00	180.00	88.00	104.00	122.00	135.00	180.00	88.00	104.00	122.00	135.00	180.00
Other Fees & Assmts.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Available For Debt Service	\$256.85	\$305.33	\$348.41	\$386.18	\$397.33	\$467.68	\$542.46	\$611.85	\$670.61	\$702.97	\$1,082.61	\$1,234.11	\$1,380.20	\$1,500.22	\$1,594.44

* Max. Low-Income Reflects 70% AMI

* Max. Moderate-Income Reflects 110% AMI

Max. Loan Amount	\$45,487	\$54,073	\$61,703	\$68,392	\$70,367	\$82,826	\$96,070	\$108,358	\$118,765	\$124,496	\$191,730	\$218,559	\$244,433	\$265,687	\$282,374
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@ Interest Rate: 5.45%

Amortized Years: 30

Affordable Housing Price	\$47,882	\$56,919	\$64,951	\$71,992	\$74,070	\$87,185	\$101,126	\$114,061	\$125,016	\$131,048	\$201,821	\$230,062	\$257,298	\$279,670	\$297,236
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Reflects 5% Down Payment Requirement

Note: Real Estate Taxes calculated on approximate Affordable Housing Prices; Insurance calculated on estimated replacement costs (75% Median New Home Price).

Affordable Housing Prices reflect the unit pricing by income category base on the CRL affordable monthly housing costs - does not include additional public subsidies including Agency assistance via silent second trust deed financing loans.

Appendix:

Statutory Requirements

(Including California Redevelopment Law)

California Code of Regulations Section 6914. Gross Income

“Gross income” shall mean the anticipated income of a person or family for the twelve-month period following the date of determination of income. If the circumstances are such that it is not reasonably feasible to anticipate a level of income over a twelve-month period, a shorter period may be used subject to a redetermination at the end of such a period. “Income” shall consist of the following:

- (a) Except as provided in subdivision (b), all payments from all sources received by the family head (even if temporarily absent) and each additional member of the family household who is not a minor shall be included in the annual income of a family. Income shall include, but not be limited to:
 - (1) The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses.
 - (2) The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business);
 - (3) Interest and dividends;
 - (4) The full amount of 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 and disability compensation, worker’s compensation and severance pay (but see subdivision (b)(3)).
 - (6) Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
 - (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
 - (B) The maximum amount which the public assistance agency could in fact allow for the family for shelter and utilities,
 - (7) Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

- (8) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family or spouse (but see subdivision (b)(5)).

Where a family has net family assets in excess of \$5,000, income shall include the actual amount of income, if any, derived from all of the net family assets or 10 percent of the value of all such assets, whichever is greater. For purposes of this section, net family assets means value of equity in real property other than the household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

- (b) The following items shall not be considered income:
 - (1) Casual, sporadic or irregular gifts;
 - (2) Amounts which are specifically for or in reimbursement of the cost of medical expenses;
 - (3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;
 - (4) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income;
 - (5) The special pay to a serviceman head of a family away from home and exposed to hostile fire;
 - (6) Relocation payments made pursuant to federal, state, or local relocation law;
 - (7) Foster child care payments;
 - (8) The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible household;
 - (9) Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:
 - (A) National Volunteer Antipoverty programs which include VISTA, Service Learning Programs and Special Volunteer Programs.
 - (B) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Programs, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

Health and Safety Code Section 19903. Elderly; Handicapped

As used in this part:

- (a) "Assistance" means direct financial assistance for a multifamily housing development, including, but not limited to, assistance provided pursuant to this division by the

department or agency, and mortgage and construction financing provided by a public agency.

- (b) "Dwelling" means all housing whether owned or rented.
- (c) "Elderly" shall have the same meaning as is given that term by Section 50067.
- (d) "Handicapped" shall have the same meaning as is given that term by Section 50072.
- (e) "Elderly or handicapped household" means, two or more persons who live together as a household, without regard to any specific relationship, and at least one of whom is an elderly or handicapped person or an elderly and handicapped person.
- (f) "Public agency" means the state, any county, city, city and county, district, redevelopment agency, housing authority, or any other political subdivision of the state. "Public agency" includes a federal agency if the requirements of this part would not conflict with, or be preempted by, the requirements of federal law.

Health and Safety Code Section 33334.13. Assistance to Mortgagors; Area Median Income; Limitations

- (a) Notwithstanding Sections 50079.5, 50093 and 50105, for purposes of providing assistance to mortgagors participating in a homeownership residential mortgage revenue bond program pursuant to Section 33750, or a home financing program pursuant to Section 52020, or a California Housing Finance Agency home financing program, "area median income" means the highest of the following:
 - (1) Statewide median household income.
 - (2) Countywide median household income.
 - (3) Median family income for the area, as determined by the United States Department of Housing and Urban Development with respect to either a standard metropolitan statistical area or an area outside of a standard metropolitan statistical area.

Nothing in Section 50093 shall prevent the agency from adopting separate family size adjustment factors or programmatic definitions of income to qualify households, persons, and families for the programs of the agency.

Health and Safety Code Section 33418. Monitoring of Affordable Housing:

- (a) An agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an agency shall require owners or managers of the housing to submit an annual report to the agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants, and for each owner-occupied unit whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners. The income information required by this section shall be supplied by the tenant in a certified statement on a form provided by the agency.
- (b) The data specified in subdivision (a) shall be obtained by the agency from owners and managers of the housing specified therein and current data shall be included in any reports required by law to be submitted to the Department of Housing and Community Development or the Controller. The information on income and family size that is required to be reported by the owner or manager shall be supplied by the tenant and shall be the only information on income or family size that the owner or manager shall be required to submit on his or her annual report to the agency.
- (c) The agency shall adequately fund its monitoring activities as needed to insure compliance of applicable laws and agreements in relation to affordable units. For purposes of defraying the cost of complying with the requirements of this section and the changes in reporting requirements of Section 33080.4 enacted by the act enacting this section, an agency may establish and impose fees upon owners of properties monitored pursuant to this section.
- (d) Effective January 1, 2008 per AB-987 (CRL Section 33418 (c)(1)), the agency shall compile and maintain a database of existing, new and substantially rehabilitated housing units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund, or otherwise counted towards the requirements of subdivision (a) or (b) of Section 33413. The database shall be made available to the public on the Internet and updated on an annual basis.

Health and Safety Code Section 33742. Affordability Restrictions

“ ”

- (B) (i) With respect to multifamily rental developments that are not mobile home parks, the rental payments on the units required for occupancy by very low-income households paid by the persons occupying the units (excluding supplemental rental assistance from the state, the federal government, or any other public agency to those persons on behalf of those units) shall not exceed thirty (30) percent of an amount equal to fifty (50) percent of area median income adjusted for household size. If the nonprofit organization elects to establish a base rent for all or part of the units for lower income households and very low-income households, the base rents shall be adjusted for household size. In adjusting rents for household size for this purpose, it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.

- (ii) With respect to mobile home parks:
 - (I) Where a resident rents both the mobile home and the space occupied by the mobile home, for spaces and mobile homes required for occupancy by very low income households, the total rental payments paid by the household on the mobile home and the space occupied by the mobile home (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to that household or on behalf of that space and mobile home) shall not exceed 30 percent of an amount equal to 50 percent of the area median income, adjusted for household size as appropriate for the unit that occupies the space.
 - (II) Where a resident is both the registered and legal owner of the mobile home, is not making mortgage payments for the purchase of that mobile home, and rents the space that the mobile home occupies, for spaces and mobile homes required for occupancy by very low income households, the total rental charge for occupancy of that space, excluding a reasonable allowance for other related housing costs determined at the time of acquisition of the mobile home park by the nonprofit corporation, excluding any supplemental rental assistance from the state, the federal government, or any other public agency to that household on behalf of that space and mobile home, shall not exceed 30 percent of 50 percent of the area median income, adjusted for household size as appropriate to the unit that occupies the space.
 - (III) Where a resident is the registered owner of the mobile home, is making mortgage payments for the purchase of that mobile home, and rents the space occupied by the mobile home, for spaces and mobile homes required for occupancy by very low income households, the rental charge for occupancy of a space by a mobile home, exclusive of any charges for utilities and storage (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to that household or on behalf of that space and mobile home) shall not exceed 15 percent of 50 percent of the area median income, adjusted for household size as appropriate for the unit that occupies the space.
 - (IV) In adjusting rents for household size, either the occupancy standards established in clause (i) (of subparagraph (B) of paragraph (1) of subdivision (a) or the alternative standards that assume that one person will occupy a recreational vehicle, two persons will occupy a single-wide mobile home, and three persons will occupy a multi-sectional mobile home may be utilized.”

Health and Safety Code Section 37912(k). Residence

- (k) “Residence” means real property improved with a residential structure and, in residential rehabilitation areas only, also includes real property improved with a commercial or mixed residential and commercial structure which, in the judgment of the local agency, is an integral part of a residential neighborhood.

“Residence” also includes condominium and cooperative dwelling units, and includes both real property improved with single-family residential structures and real property improved with multiple-family residential structures.

“Residence” also includes residential hotels in which not less than one-half of the occupied dwelling units are occupied on a non-transient basis. A dwelling unit shall be deemed to be used on a non-transient basis for such purpose if the term of the tenancy is one month or longer or if the tenant has resided in the unit for more than 30 days. In a residential hotel, individual dwelling units shall lack either cooking facilities or individual sanitary facilities, or both. However, for purposes of this subdivision, a residential hotel does not include dormitories, fraternity and sorority houses, hospitals, sanitariums, rest homes, or trailer parks and courts.

Health and Safety Code Section 50052.5. Affordable Housing Cost

- (a) For any owner-occupied housing which receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” with respect to lower income households shall not exceed 25 percent of gross income.
- (b) For any owner-occupied housing which receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable housing cost” shall not exceed the following:
- (1) For very low income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
 - (2) For lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.
 - (3) For moderate income households, affordable housing cost shall not be less than 28 percent of the gross income of the household, nor exceed the product of 35 percent times 110 percent of area median income adjusted for family size appropriate for the unit. In addition, for any moderate income household that has a gross income that exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require

that affordable housing cost not exceed 35 percent of the gross income of the household.

- (c) The department shall, by regulation, adopt criteria defining, and providing for determination of, gross income, adjustments for family size appropriate to the unit, and housing cost for purposes of determining affordable housing cost under this section. These regulations may provide alternative criteria, where necessary to be consistent with pertinent federal statutes and regulations governing federally assisted housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing development.

With respect to moderate and lower income households who are tenants of rental housing developments and members or shareholders of cooperative housing developments, or limited equity cooperatives “affordable housing cost” has the same meaning as affordable rent, as defined in Section 50053.

Regulations of the department shall also include a method for determining the maximum construction cost, mortgage loan, or sales price that will make housing available to an income group at affordable housing cost.

For purposes of this section, “area median income” shall mean area median income as published by the department pursuant to Section 50093.

For purposes of this section, “moderate income household” shall have the same meaning as “persons and families of moderate income” as defined in Section 50093.

For purposes of this section, and provided there are no pertinent federal statutes applicable to a project or program, “adjusted for family size appropriate to the unit” shall mean for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

Health and Safety Code Section 50053. Affordable Rent

- (a) For any rental housing development which receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent” with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department which shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.
- (b) For any rental housing development which receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, “affordable rent,” including a reasonable utility allowance, shall not exceed:
- (1) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

- (2) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
 - (3) For moderate income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (c) The department's regulation shall permit alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to regulations adopted under subdivision (f) of Section 50462. The department shall, by regulation, adopt criteria defining and providing for determination of gross income, adjustments for family size appropriate to the unit, and rent for purposes of this section. These regulations may provide alternative criteria, where necessary, to be consistent with pertinent federal statutes and regulations governing federally assisted rental and cooperative housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing developments.

For purposes of this section, "area median income," "adjustments for family size appropriate to the unit," and "moderate income household" shall have the same meaning as provided in Section 50052.5.

Health and Safety Code Section 50067. Elderly

Elderly means a family in which the head of the household is 60 years of age or older, a single person who is 60 years of age or older, or an elderly or handicapped household as defined in Section 19903 and subject to Part 4.5 (commencing with Section 19902) of Division 13. The age may be adjusted by the agency to facilitate participation in other municipal, state, or federal programs.

Health and Safety Code Section 50072. Handicapped

"Handicapped" means a family in which the head of the household is suffering from an orthopedic disability impairing personal mobility or a physical disability affecting his or her ability to obtain employment or a single person with such a physical disability, where the family or person requires special care or facilities in the home. "Handicapped" also includes a family in which the head of household suffers from a developmental disability specified in subdivision (a) of Section 38010 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such a developmental disability or mental disorder. "Handicapped" also includes an elderly or handicapped household, as defined in Section 19903 and subject to part 4.5 (commencing with Section 19902) of Division 13.

Health and Safety Code Section 50079.5. Lower Income Households

Lower income households means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 7 of the United States Housing Act of 1937. The limits shall be published by the department in the California Administrative Code as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event such federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80% of the area median income, adjusted for family size and revised annually. As used in this section, "area median income" means the median family income of a geographic area of the state.

Health and Safety Code Section 50093. Persons and Families of Low or Moderate Income

"Persons and families of low or moderate income" means persons and families whose income does not exceed 120 percent of area median income, adjusted for family size by the department in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may permit the agency to use higher income limitations in designated geographic areas of the state, upon a determination that 120 percent of the median income in the particular geographic area is too low to qualify a substantial number of persons and families of low or moderate income who can afford rental or home purchase of housing financed pursuant to Part 3 (commencing with Section 50900) without subsidy.

"Persons and families of low or moderate income" includes very low income households, as defined in Section 50105 and lower income households as defined in Section 50079.5, and includes persons and families of low income, persons and families of moderate income, and middle-income families. As used in this division:

- (a) "Persons and families of low income" or "persons of low income" means persons or families who are eligible for financial assistance specifically provided by a governmental agency for the benefit of occupants of housing financed pursuant to this division.
- (b) "Persons and families of moderate income" or "middle-income families" means persons and families of low or moderate income whose income exceeds the income limit for lower income households.
- (c) "Persons and families of median income" means persons and families whose income does not exceed the area median income, as adjusted by the department for family size in accordance with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937.

As used in this section, "area median income" means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937. In the event

these federal determinations of area median income are discontinued, the department shall establish and publish as regulations income limits for persons and families of median income for all geographic areas of the state at 100 percent of area median income, and for persons and families of low or moderate income for all geographic areas of the state at 120 percent of area median income. These income limits shall be adjusted for family size and shall be revised annually.

For purposes of this section, the department shall file, with the Office of Administrative Law, any changes in area median income and income limits determined by the United States Department of Housing and Urban Development, together with any consequent changes in other derivative income limits determined by the department pursuant to this section. These filings shall not be subject to Article 5 (commencing with Section 11346) or Article 6 (commencing with Section 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of the Government Code, but shall be effective upon filing with the Office of Administrative Law and shall be published as soon as possible in the California Regulatory Code Supplement and the California Code of Regulations.

The department shall establish and publish a general definition of income, including inclusions, exclusions, and allowances, for qualifying persons under the income limits of this section and Sections 50079.5 and 50105, to be used where no other federal or state definitions of income apply. This definition need not be established by regulation.

Nothing in this division shall prevent the agency or the department from adopting separate family size adjustment factors or programmatic definitions of income to qualify households, persons, and families for programs of the agency or department, as the case may be.

Health and Safety Code Section 50105. Very-Low Income Households

Very low-income households means persons and families whose incomes do not exceed the qualifying limits for very-low-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. Such income qualifying limits shall be published by the department in the California Administrative Code as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event such federal standards are discontinued, the department shall, by regulation, establish income limits for very low-income households for all geographic areas of the state at fifty (50) percent of area median income, adjusted for family size and revised annually. As used in this section, "area median income" means the median family income of a geographic area of the state.

HOME – Long Term Monitoring	PROPERTY STANDARDS CHECKLIST
Monitor Name: Jane Carlson	City/County of: Chula Vista
Contract #:	Inspection Date: March 16, 2012

Project Name: Landings 1	# Total units: 92	# HOME units: 11
Unit Address: 2122 Burdock Way		
City: Chula Vista	Zip: 91911	
Tenant Name: Rosas	Unit #: 17704	

Bedrooms: 3
Bathrooms: 3

Housing Type:
 One level apt / duplex SRO
 Two level apt / duplex / townhouse Studio
 Single family detached house Cooperative
 Manufactured Home Shared Housing
 Mobile Home Other: _____

Utilities	Comments
Gas: on / off	Electricity: on / off
Unit heated by:	<input type="checkbox"/> gas wall <input checked="" type="checkbox"/> central <input type="checkbox"/> hydronic <input type="checkbox"/> other: _____
Air Conditioner	<input type="checkbox"/> wall <input checked="" type="checkbox"/> central <input type="checkbox"/> none provided
Smoke Detector(s) – operating on each level of the unit?	<input checked="" type="checkbox"/> battery <input type="checkbox"/> hardwire TOK <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
Water Heater	<input checked="" type="checkbox"/> gas <input type="checkbox"/> electric <input type="checkbox"/> instant heat <input type="checkbox"/> other: _____
	___ section below n/a if project has instant heat system
	Is water heater strapped? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N
	Is the water heater closet also designed for storage? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N
	If yes, is there a 3 foot clearance around the water heater? <input type="checkbox"/> Y <input type="checkbox"/> N
	If no, does the tenant need to remove items from the closet? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N
Lead Based Paint	<input checked="" type="checkbox"/> not applicable or <input type="checkbox"/> construction/rehab prior 1978
If prior to 1978, are all painted surfaces free of deteriorated paint?	Yes _____ No _____ If No, LBP stabilization may be required. See Lead Based Paint Instructions in HUD Inspection Checklist 52580

UNIT INSPECTION CHECKLIST

Summary Decision On Unit (To be completed after form has been filled out)

- Pass Inspection – Date: March 12, 2012_____
- Inconclusive (i.e. electricity off) – Date: _____
- Fail Inspection – Date: _____
- Pass Re-inspection – Date: _____
- Pass Re-inspection – Date: _____

Living Room

___ Sleeping Area (SRO/Studio)

Item # 1		Pass	Fail	Incon- clusive	Comments:
1.1	Is LR present?	Yes	No		
1.2	Electricity	x			
1.3	Electrical Hazards	x			<input type="checkbox"/> N/A
1.6	Ceiling Condition	x			
1.7	Wall Condition	x			
1.8	Floor Condition	x			__tile __lino _x_carpet __other
1.5	Window Condition	x			
1.4	Security	x			

Kitchen

___ N/A

Item # 2		Pass	Fail	Incon- clusive	Comments:
2.1	Is Kitchen present?	Yes	No		
2.2	Electricity	x			
2.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
2.6	Ceiling Condition	x			
2.7	Wall Condition	x			
2.8	Floor Condition	x			__tile _x_lino __other
2.10	Range	x			x Gas <input type="checkbox"/> Electric
2.10	Range Hood Light	x			<input type="checkbox"/> None
2.10	Range Hood Fan	x			<input type="checkbox"/> None
2.10	Microwave fan/light	x			<input type="checkbox"/> None
2.11	Refrigerator	x			
2.12	Sink	x			<input type="checkbox"/> repair leak
2.13	Space	x			for Storage, Preparation, and Serving of food
2.9	Garbage Disposal	x			<input type="checkbox"/> None
2.5	Window Condition	x			<input type="checkbox"/> None
2.4	Security	x			<input type="checkbox"/> None

NOTE: Must have operable window if no Range Hood Fan

Additional Comments:

<input type="checkbox"/> replace receptacle/missing cover plate
<input type="checkbox"/> repair water damage
<input type="checkbox"/> patch/cover hole
<input type="checkbox"/> repair tripping hazard
<input type="checkbox"/> repair/replace pane, frame, sill
<input type="checkbox"/> repair/replace broken lock, crank, handle

UNIT INSPECTION CHECKLIST

Dining Room or Dining Area: **N/A**

Item #		Yes / Pass	No / Fail	Inconclusive	
4					
4.1	Location				
4.2	Electricity	x			
4.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
4.4	Security	x			
4.6	Ceiling Condition	x			Mold? <u> </u> Y <u> </u> x <u> </u> N
4.7	Wall Condition	x			Mold? <u> </u> Y <u> </u> x <u> </u> N
4.8	Floor Condition	x			<u> </u> tile <u> </u> lino <u> </u> x <u> </u> carpet <u> </u> other
4.9	Closet Door(s)	x			<input type="checkbox"/> None
4.5	Window Condition	x			<input type="checkbox"/> None

Bathroom # 1 located: **Hall** x **Master** **other** **N/A**

Item #		Pass	Fail	Inconclusive	Comments: <u> </u> ½ bath <u> </u> x Full bath
3					
3.1	Bathroom present?	Yes	No		
3.2	Electricity	x			
3.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
3.4	Door Security	x			
3.6	Ceiling Condition	x			Mold? <u> </u> Y <u> </u> x <u> </u> N
3.7	Wall Condition	x			Mold? <u> </u> Y <u> </u> x <u> </u> N
3.8	Floor Condition	x			x <u> </u> tile <u> </u> lino <u> </u> carpet <u> </u> other
3.10	Toilet / Caulking	x			Toilet rocks? <u> </u> Y <u> </u> x <u> </u> N
3.11	Sink / Plumbing	x			<input type="checkbox"/> repair leak
3.12	Tub or Shower	x			<input type="checkbox"/> None
3.13	Exhaust Fan	x			<input type="checkbox"/> None
3.5	Window Condition	x			<input type="checkbox"/> None

NOTE: Must have openable window if no Exhaust Fan

Additional Comments:

<input type="checkbox"/> replace receptacle/missing cover plate
<input type="checkbox"/> repair water damage
<input type="checkbox"/> patch/cover hole
<input type="checkbox"/> repair tripping hazard
<input type="checkbox"/> repair/replace pane, frame, sill
<input type="checkbox"/> repair/replace broken lock, crank, handle

UNIT INSPECTION CHECKLIST

Bedroom # 1

___ N/A

Item #		Pass	Fail	Incon- clusive	Comments: ___ front ___ center ___ rear
4					Floor Level: <u>upper</u>
4.1	Location				<u>x</u> Right ___ Center ___ Left
4.2	Electricity	x			
4.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
4.4	Security	x			
4.6	Ceiling Condition	x			Mold? ___Y x__N
4.7	Wall Condition	x			Mold? ___Y ___x_N
4.8	Floor Condition	x			___tile ___lino x__carpet ___other
4.9	Closet Door(s)	x			<input type="checkbox"/> None
4.5	Window Condition	x			<input type="checkbox"/> None

Bedroom # 2

___ N/A

Item #		Pass	Fail	Incon- clusive	Comments: ___ front x__ center ___ rear
4					Floor Level: <u>upper</u>
4.1	Location				___ Right ___ Center ___x Left
4.2	Electricity	x			
4.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
4.4	Security	x			
4.6	Ceiling Condition	x			Mold? ___Y x__N
4.7	Wall Condition	x			Mold? ___Y x__N
4.8	Floor Condition	x			___tile ___lino ___x_carpet ___other
4.9	Closet Door(s)	x			<input type="checkbox"/> None
4.5	Window Condition	x			<input type="checkbox"/> None

Bathroom # 2 located: x Hall Master other ___ N/A

Item #		Pass	Fail	Incon-clusive	Comments:
3					<u>1/2 bath</u> x <u>Full bath</u>
3.1	Bathroom present?	Yes	No		
3.2	Electricity	x			
3.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
3.4	Door Security	x			
3.6	Ceiling Condition	x			Mold? __Y x__N
3.7	Wall Condition	x			Mold? __Y x__N
3.8	Floor Condition	x			x__tile __lino __carpet __other
3.10	Toilet / Caulking	x			Toilet rocks? __Y x__N
3.11	Sink / Plumbing	x			<input type="checkbox"/> repair leak
3.12	Tub or Shower	x			<input type="checkbox"/> None
3.13	Exhaust Fan	x			<input type="checkbox"/> None
3.5	Window Condition	x			<input type="checkbox"/> None

NOTE: Must have openable window if no Exhaust Fan

Bathroom # 3 located: x Hall Master other ___ N/A

Item #		Pass	Fail	Incon-clusive	Comments:
3					<u>1/2 bath</u> <u>Full bath</u>
3.1	Bathroom present?	Yes	No		
3.2	Electricity	X			
3.3	Electrical Hazards	X			<input type="checkbox"/> Not Applicable
3.4	Door Security	X			
3.6	Ceiling Condition	X			Mold? __Y x__N
3.7	Wall Condition	X			Mold? __Y x__N
3.8	Floor Condition	X			x__tile __lino __carpet __other
3.10	Toilet / Caulking	X			Toilet rocks? __Y x__N
3.11	Sink / Plumbing	X			<input type="checkbox"/> repair leak
3.12	Tub or Shower	X			<input type="checkbox"/> None
3.13	Exhaust Fan	X			<input type="checkbox"/> None
3.5	Window Condition	X			<input type="checkbox"/> None

NOTE: Must have openable window if no Exhaust Fan

Bedroom # 3 ___ N/A

Item #		Pass	Fail	Incon-clusive	Comments: __ front __ center _x_ rear
4					Floor Level: upper
4.1	Location				<u>x</u> Right __ Center __ Left
4.2	Electricity	x			
4.3	Electrical Hazards	x			<input type="checkbox"/> Not Applicable
4.4	Security	x			
4.6	Ceiling Condition	x			Mold? __Y x__N
4.7	Wall Condition	x			Mold? __Y x__N
4.8	Floor Condition	x			__tile __lino x__carpet __other
4.9	Closet Door(s)	x			<input type="checkbox"/> None
4.5	Window Condition	x			<input type="checkbox"/> None

Bedroom # 4

N/A

Item #		Pass	Fail	Incon- clusive	Comments: __ front __ center __ rear Floor Level: _____
4					
4.1	Location				__ Right __ Center __ Left
4.2	Electricity				
4.3	Electrical Hazards				<input type="checkbox"/> Not Applicable
4.4	Security				
4.6	Ceiling Condition				Mold? __Y __N
4.7	Wall Condition				Mold? __Y __N
4.8	Floor Condition				__tile __lino __carpet __other
4.9	Closet Door(s)				<input type="checkbox"/> None
4.5	Window Condition				<input type="checkbox"/> None

Other Rooms used for Living and Halls

Circle Room Code: 1 2 3 4 5

Item #		Pass	Fail	Incon- clusive	Comments: __ front __ center __ rear Floor Level: _____
4					
4.1	Location				__ Right __ Center __ Left
4.2	Electricity				
4.3	Electrical Hazards				<input type="checkbox"/> Not Applicable
4.4	Security				
4.6	Ceiling Condition				Mold? __Y __N
4.7	Wall Condition				Mold? __Y __N
4.8	Floor Condition				__tile __lino __carpet __other
4.9	Closet Door(s)				<input type="checkbox"/> None
4.5	Window Condition				<input type="checkbox"/> None

* Room Codes:

1= Bedroom

2 = Dining Room or Dining Area;

3 = Second Living Room, Family Room, Den, Playroom, TV Room;

4 = Entrance Halls, Corridors, Halls, Staircases;

5 = Other

Additional Comments:



ROSENOW SPEVACEK GROUP INC.
309 WEST 4TH STREET
SANTA ANA, CALIFORNIA
92701-4502

T 714 541 4585
F 714 541 1175
E INFO@WEBRSG.COM
WEBRSG.COM

November 14, 2012

Via First Class Mail

Ms. Velda Griffin
Option House
8996 Olive Street
Fontana, CA 92335

**RESULTS OF ANNUAL COMPLIANCE REVIEW:
Option House, 8996 Olive Street, Fontana, CA 92335**

Dear Ms. Griffin:

The Fontana Redevelopment Agency (the "Agency") has contracted with Rosenow Spevacek Group, Inc. ("RSG") to conduct compliance monitoring for the above-referenced project. The Agency has asked RSG, as an independent third party, to conduct unit inspections and a property inspection to ensure the owner's compliance with the Property Lease Agreement (dated May 1, 1997, "Agreement").

The results of this tenant file audit conclude that the Property is not in compliance with the requirements of the Agreement. Please find detailed findings provided below.

RSG will return to the Property at **10 am on Monday, December 17, 2012** to re-inspect the issues identified herein.

UNIT AND GROUNDS INSPECTION

On Tuesday, October 30, 2012, RSG conducted a grounds and unit inspection. During the inspection, RSG inspected the interior of all occupied units and community facilities. The following findings were documented during the inspections. Photographic evidence has been included as Attachment 1.

- Unit 1: the smoke detector battery needs replacement,
- Unit 2: the bathroom door does not unlock, no smoke detector is present, the microwave handle is broken/damaged, and the kitchen sink is broken/damaged,
- Unit 3: the smoke detector battery needs replacement, and the master bathroom wall is damaged/broken,
- Unit 7: the hallway floor is damaged,
- Unit 8 (Vacant): the smoke detector battery needs replacements, and the windows are missing screens/blinds.

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HOUSING

According to Section 7 of the Agreement, Option House is responsible for maintenance of the Property. Maintenance includes maintaining the units in compliance with Housing Quality Standards and all applicable laws.

FINDINGS

During the inspection, five (5) units were found to be out of compliance with the requirements of the Agreement. The remaining units, grounds and common areas were in satisfactory condition.

RECOMMENDATIONS

Please fulfill these recommendations in order to comply with the requirements of the Agreement:

- Repair, improve, or maintain the units pursuant to the inspection findings prior to the reinspection

I can be reached at (714) 316-2136 or bfender@webrsq.com or you can contact Becky Caha, Project Manager, at (714) 316-2105 or bcaha@webrsq.com

Sincerely,
ROSENOW SPEVACEK GROUP, INC.

Brandon Fender
Research Assistant

Cc: Brent Mickey, City of Fontana
David Edgar, City of Fontana
Becky Caha, RSG

Attachment 1: Photographic Evidence

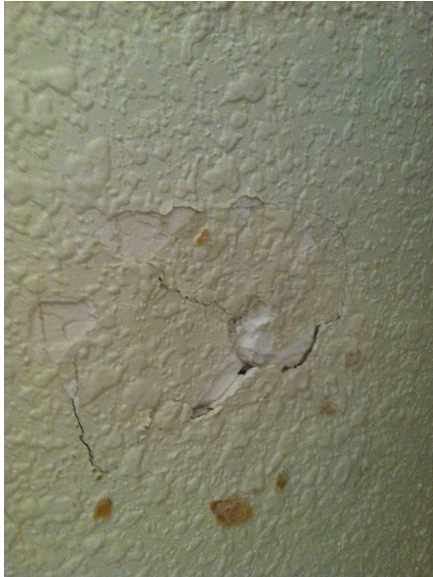


Photo 1: Broken/damaged bathroom wall in Unit 3

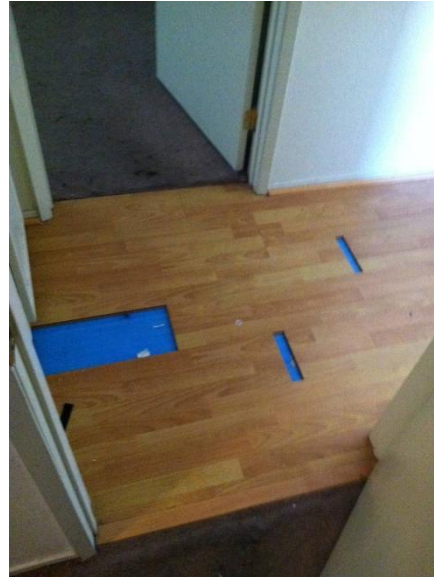


Photo2: Damaged flooring in Unit 7 (similar, although less pronounced, conditions exist in other units)



Photo 3: Hanging light in Unit 6



ROSENOW SPEVACEK GROUP INC. T 714 541 4585
309 WEST 4TH STREET F 714 541 1175
SANTA ANA, CA E INFO@WEBRSG.COM
92701-4502 WEBRSG.COM

Via Electronic Mail

May 7, 2012

Ms. Yolanda Dolezal-Guion, Compliance Resource Specialist
CIC Management, Inc.
5993 Avenida Encinas, Suite #101
Carlsbad, CA 92008

RESULTS OF TENANT FILE MONITORING AND GROUNDS AND UNIT INSPECTIONS FOR LANDINGS I

Dear Ms. Dolezal-Guion:

Pursuant to the agreement between Rosenow Spevacek Group, Inc., ("RSG") and the City of Chula Vista ("City"), RSG has conducted an on-site review of the tenant files and an inspection of the common areas and apartment units for Landings I. RSG then completed a HOME Tenant File Review Checklist, HOME Property Standards Checklist, and a HOME Exterior, Grounds, Public Areas Checklist for the eleven (11) HOME-funded units in the project.

The purpose of the monitoring is to verify that Landings I is complying with all requirements established by the controlling documents and the City. In addition, the Department of Housing and Urban Development ("HUD") requires annual reporting for all HOME-funded affordable units.

The Property has ninety-two (92) units with affordability restrictions and eleven (11) units that were funded by HOME. On March 16, 2012, RSG conducted monitoring of a sample of fourteen (14) units, eleven (11) were HOME-funded units. RSG inspected the fourteen (14) tenant files, the fourteen (14) apartment units, and the project common areas.

The property inspection revealed that the Property is in compliance with all controlling documents and City requirements. In addition, all units passed the HOME Inspections. Detailed findings are below.

FINDINGS

Lease Files: The lease files appear to contain all required information: the application, credit reports, documentation to substantiate income, current and previous lease agreements, rent increase notices and violation notices. Management appears to keep the files very well-organized and complete.

Property Standards/Maintenance: Common areas were found to be in good condition. No deficiencies that would endanger health and safety were discovered. The property was well maintained.

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HOUSING

Ms. Yolanda Dolezal-Guion
CIC MANAGEMENT
May 7, 2012
Page 2

Apartment Units: All fourteen (14) apartment units were found to be in good living condition. There were several small deferred maintenance issues discovered, however, management ordered immediate repairs be made. Work orders are available upon request.

Recommendations: The property managers have done a very good job maintaining the property and complying with all requirements and there are no recommendations at this time.

If you have any questions please feel free to contact us.

Sincerely,
ROSENOW SPEVACEK GROUP, INC.



Becky Caha
Associate
714-316-2105



Jane Carlson
Analyst
714-316-2123

CC: Jose Dorado, City of Chula Vista

Non-Collusion Affidavit

STATE OF CALIFORNIA)
) SS.
COUNTY OF ORANGE)

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.

On April 20, 2015 before me, **Rebecca Jo Caha**, Notary Public, personally appeared **JIM SIMON** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person or the entity upon behalf of which the person 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.

Rebecca Jo Caha

Notary Public

[SEAL]

