CONTRA COSTA COUNTY

DEPARTMENT OF CONSERVATION AND DEVELOPMENT

AFFORDABLE HOUSING PROGRAM

Policies and Procedures –

HOME, CDBG-Housing & HOPWA, PLHA, Inclusionary In-Lieu Fees

October 2021

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PART 1 AVAILABLE FUNDS AND ELIGIBLE ACTIVITIES

FEDERAL FUNDS FROM HUD

COMMUNITY DEVELOPMENT BLOCK GRANT - HOUSING

The primary purpose of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities principally for persons of low income. The County's goal is to develop and conserve viable communities in areas where blight and disinvestment threaten residents' safety, vitality, and productivity. County CDBG funds can be used only for projects that benefit Urban County residents. CDBG funds can be used for acquisition, rehabilitation, and down payment assistance loans. CDBG cannot be used for new construction of housing.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The purpose of the HOME program is to expand the supply of decent, safe, sanitary, and affordable housing with primary attention to rental housing for very low and low-income households. Contra Costa County as the Urban County representative, and the Cities of Antioch, Concord, Pittsburg, and Walnut Creek, are a Consortium for purposes of participation in the HOME program. HOME funds may be used for projects to acquire, rehabilitate, and construct housing1 for lower-income households in the Consortium area. HOME funds cannot be used for emergency shelters (including for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, resident treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories). Manufactured housing units must be on permanent foundation that meets the requirements for foundation systems as set forth in 24 CFR 203.43(c)(I).

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

The purpose of the HOPWA Program is to provide affordable housing, housing counseling and advocacy programs for low-income persons with HIV/AIDS who either are homeless or have unstable housing. The County represents all Contra Costa jurisdictions for purposes of administering the HOPWA program.[2]

STATE AND LOCAL FUNDS

PERMANENT LOCAL HOUSING ALLOCATION

The Permanent Local Housing Allocation (PLHA) Program is a new State program with entitlement and competitive components. The State designated Contra Costa County as the administrator of the

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1 For purposes of the HOME program, housing includes manufactured housing and manufactured housing lots, permanent housing for disable homeless persons, transitional housing, single-room occupancy housing, and group homes.

2 Pursuant to the National Affordable Housing Act, HOPWA funds are allocated on an annual basis to the City of Oakland for the Oakland PMSA, which includes Alameda and Contra Costa County. Contra Costa receives a formula share of HOPWA funds through the City of Oakland.

entitlement grant award for the Contra Costa "Urban County", which includes the unincorporated communities and all the cities except for Antioch, Concord, Pittsburg, and Walnut Creek, which has their own entitlements.

- Increase the supply of housing for households at or below 80% AMI;
- Facilitate housing affordability, particularly for lower- and moderate-income households; and
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation

INCLUSIONARY HOUSING IN-LIEU FEES

Every residential project in unincorporated Contra Costa County consisting of five units or more is subject to the County's Inclusionary Housing Ordinance Chapter 822-4 of the County Ordinance Code. The IHO promotes affordable housing by requiring 15% of units in the development to be affordable units. Alternative methods of compliance include the payment of a fee in-lieu of building affordable units on-site, building off-site, or any other feasible alternative. The in-lieu fees are approved and conditioned as part of the project's entitlements, paid at the time of building permit issuance, and deposited in a fund with DCD. These funds may only be spent on new affordable housing construction in unincorporated Contra Costa County.

The funding award would be:

- Provided as a forgivable low-interest loan, secured against the affordable housing property, to be reconveyed after the property is in service as affordable housing for five years;
- Affordable for the construction of housing for households earning up to 80% average median income;
- Preference for projects with larger units (two or more bedrooms); but
- May not be used to support affordable housing required to be built as part of a market-rate project using density bonus or to meet inclusionary housing requirements. This targets the funding to affordable units that might not be built but for the assistance.

PART 2 NOFA, APPLICATION SUBMISSION, REVIEW AND FUNDING PROCESS

Each year, Contra Costa County (County) Department of Conservation and Development (DCD) issues a Notice of Funding Available (NOFA) to award available federal funding to projects throughout the County. Funds may include CDBG Urban County, HOME Consortium, HOPWA, State, or local funding. See Appendix A for a typical NOFA schedule.

APPLICATION SUBMISSION

Applicants are required to complete an application and turn it in by the due date and time. Applications submitted after the due date deadline will not be accepted.

Applications are available online at http://www.citydataservices.net/. Instructions for accessing the applications will be provided at the annual technical assistance meeting. This meeting is held annually in the fall. Applicants are strongly encouraged to attend the annual technical assistance meeting where staff will explain application requirements and be available for questions.

REVIEW AND FUNDING PROCESS

Applications are reviewed by DCD staff for eligibility, completeness, meeting threshold requirements, and competitiveness. Incomplete applications may not be accepted. Due to limited funds, not all eligible applications will be funded.

SELF-SCORING WORKSHEET

Applicants are required to submit a self-score worksheet. Applicants should not assume that their self-score estimate will be the actual score that will be achieved. See Appendix B for the Self-Score Worksheet and Rating Criteria Example.

SUBMITTED APPLICATIONS ARE PUBLIC RECORDS

All applications submitted for funding may be made available to the public pursuant to a request under the California Public Records Act.

APPEAL PROCESS

Any persons, firm, partnership, or corporation aggrieved by a decision pursuant to the actions of the affordable housing program shall be afforded an opportunity for review of that decision by the Director of the Department of Conservation and Development, or designee. Upon review of the case, a final decision will be rendered by the Director, subject to appeal to the Board of Supervisors, under the appeal procedures in Title 1, Chapter 14-4 in the County Ordinance Code.

TIME FRAME FOR USE OF FUNDS

Applicants for funds must demonstrate that all funding for the project will be secured and that the applicant will be prepared to enter into binding legal agreements within 12 months of the start of the fiscal year for which funds are awarded. In addition, projects must begin construction within 12 months from formal commitment of funds. This means that competitive projects will have secured permanent financing commitments shortly after DCD allocation of funding. It is the Developer's responsibility to keep DCD staff apprised of all schedules and milestones for the project. Failure to do so could mean the loss of funds. Failure to move the project forward in a reasonable time frame could also result in loss of funds.

MAXIMUM FUNDING AMOUNTS AND COST ALLOCATION

Cost allocation is required in all HOME rental or homebuyer projects where fewer than 100% of units are HOME assisted; and/or in which less than 10% of the space is residential (a mixed-use project). HOME funds may be used to assist one or more housing units in a multi-unit project, but only the actual HOME eligible development costs may be reimbursed by the HOME program. The maximum HOME investment permissible is the <u>lesser</u> of three amounts: (1) the funding gap or needed amount of HOME funding, (2) the cost of HOME units, or (3) the maximum project subsidy.

For more information, see CPD-16-15 Notice dated August 25, 2016:

https://files.hudexchange.info/resources/documents/Notice-CPD-16-15-Allocating-Eligible-Costs-and-Identifying-HOME-Assisted-Units-in-Multi-Unit-HOME-Rental-and-Homeownership-Development-Projects.pdf

The maximum project subsidy (#3 above) includes DCD project delivery costs which includes activities such as conducting a National Environmental Policy Act (NEPA) review, loan document preparation, and monitoring for compliance with federal requirements[3] during construction. DCD project delivery costs are roughly estimated to be $50,000 per development.

The current HOME Maximum Project Subsidy for rental units in Contra Costa County are the following:

Unit Size	HOME Maximum Subsidy/Unit (Effective June 4, 2020)
0-Bedroom/Efficiency	$153,314
1-Bedroom	$175,752
2-Bedroom	$213,718
3-Bedroom	$276,482
4-Bedroom	$303,490

The maximum amount of HOME, CDBG, and/or HOPWA funds combined is also limited to the total amount of funds necessary (when combined with other financing and assistance) to enable the project to be developed and to operate in compliance with all federal requirements. HOME ineligible costs must be removed from the total development costs when calculating the HOME Maximum Subsidy. HOME eligible costs include real property acquisition, site improvements, demolition, reasonable project soft costs, and relocation expenses of persons, families, businesses, or organizations displaced by the project.

Ineligible project costs include the prohibited activities listed in the HOME regulations 24 CFR 92.214, plus:

- Costs associated with non-HOME space, including:
  - Unassisted units;
  - Community spaces and facilities located in the building that are not exclusively for the use of project residents;
  - Luxury items (e.g. swimming pools);
  - Furnishings;
  - Commercial and other non-residential spaces in mixed-use projects; and
  - Stand-alone accessory and non-residential structures (e.g. garages, carports, leasing office/community building, etc.);
- Off-site infrastructure, except for necessary connections to the site;

3 Federal requirements may include some or all of the following: NEPA mitigations, relocation, procurement, Section 3, Davis-Bacon, construction monitoring, marketing, and lease-up.

- Organizational costs such as partnership formation or syndication costs associated with Low Income Housing Tax Credits (LIHTC) transactions; and
- Capitalized reserves, except for the initial operating deficit or rent-up reserve (not to exceed 18 months) for a rental property.

While these costs may be necessary for the completion of a HOME funded project and may be included in the project budget, they are not eligible to be paid with HOME funds, so they must be removed from the total development costs for the purposes of cost allocation.

HOME funds are typically only eligible for new HOME projects. Except in rare circumstances, it is not permissible to invest additional HOME funding during the HOME affordability term into a project that has previously been awarded funds. The HUD HOME term for new construction projects is 20 years and up to 15 years for acquisition/rehabilitation projects.

SUBSIDY LAYERING REVIEW

Before committing funds to a project, the County must evaluate the application to determine that there will be a reasonable level of profit or return on the developer's investment in a project and that no more HOME funds are invested, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for the entire affordability period. This evaluation will include:

- An examination of the sources and uses of funds for the project and a determination that the costs are necessary and reasonable;
- Appropriateness of developer fees and/or Return on Investment;
- A market study that details the need for the proposed project is required with the application submission. Details for the market study are outlined in Appendix E; and
- An assessment of the experience and financial capacity of the developer. Details for the developer standards and capacity are outlined in Appendix D.

For more information, see Notice CPD-15-11: Requirements for the Development and Implementation of HOME Underwriting and Subsidy Layering Guidelines, dated December 22, 2015:

https://www.hud.gov/sites/documents/15-11CPDN.PDF

SPECIFIC FIRST TIME HOMEBUYER REQUIREMENTS

The Contra Costa Consolidated Plan has established a priority to increase homeownership opportunities for very low and low-income households in the Consortium area. First-time homebuyer assistance in connection with new housing developments to ensure that a portion of the units will be affordable to and occupied by low-income households; and projects designed to increase neighborhood stability and improve the quality of housing through an increased incidence of homeownership in an identified target area. See Appendix G for more information.

In addition, see Notice CPD-12-003: Guidance on Resale and Recapture Provisions under the HOME Program, dated January 2012:

https://www.hudexchange.info/resource/2690/notice-cpd-12-003-guidance-resale-recapture-home/

AFFORDABILITY REQUIREMENTS - HOMEOWNERSHIP

One hundred percent of HOME-assisted homeownership units must be reserved for households at or below 80% of AMI.

HOME HOMEOWNERSHIP VALUE LIMITS

Homeownership activities allow modest down-payment assistance for first-time homebuyers in conjunction with commercial mortgage loans using County underwriting standards. Appraised value of home after rehabilitation may not exceed 95 percent of the area median purchase price of Contra Costa County as defined by HUD or the 203[b] limits.

HOME Program – Purchase Price Limits Effective June 1, 2021	
Existing Single-Family Housing	New Construction Single-Family Housing
$537,000	$599,000

HOME FUNDED HOMEOWNERSHIP HOUSING

As specified in the federal HOME regulations 24 CFR part 92.254(a)(3), homebuyers receiving down payment assistance with HOME funds or homebuyers that will reside in a HOME-assisted unit must receive housing counseling from a HUD certified housing counselor. 24 CFR part 92.254(a)(3) also specifies all HOME-assisted units must be sold to eligible buyers within nine months of the date of completion of construction or rehabilitation (i.e., Certificate of Occupancy). If the property is unsold within nine months, it must be converted to a HOME-assisted rental unit, or the HOME funds must be repaid.

LOAN AND CONTRACT TERMS – HOMEOWNERSHIP

Standard loan terms for the loan to the developer are zero interest deferred for the construction period. The County loan is considered repaid by the developer when, as each home is sold to a qualified homebuyer pursuant to 24 CFR 92.254(a)(3) and a homeowner resale restriction is recorded against the property.

The requirements pursuant to the resale or recapture of a HOME-assisted unit are subject to 24 CFR 92.254(a)(5). The period of affordability of the HOME-assisted ownership unit is a minimum of five years, but may be a longer period depending on the amount of HOME funds invested in the affordable housing unit.

County loans are secured by a deed of trust recorded on the property. Income, occupancy, and sale restrictions are included in the loan agreement with the developer and a resale restriction with the homebuyer.

Draft loan documents (loan agreement, deed of trust, resale restrictions, and promissory note) are circulated to the project developer prior to execution.

See Appendix G for specific information on resale or recapture homeownership requirements of the program.

SPECIFIC HOPWA REQUIREMENTS

A project funded with HOPWA must set aside units for people living with HIV/AIDS and must provide a plan to provide services for those households as part of their application for funding. Owners must commit to provide annual reports throughout the compliance period. Prior to loan closing and disbursement of HOPWA funds, funding or a contractual agreement to provide services for those HOPWA tenants must be demonstrated.

REQUIRED RENTS

HOPWA regulations require that tenants pay rent for all HOPWA assisted housing. The amount of rent must equal (including utilities or a utility allowance) **the higher** of:

- 30% of the household's adjusted gross income; or
- 10% of the household's monthly gross income; or
- if the household is receiving public assistance, the portion of the assistance specifically designated for housing costs.

Tenant fees charged over, and above rent are allowable only if the fees pay for food or services not supported with HOPWA funds.

Group homes or other non-emergency shared living situations may have no more than one person or family per sleeping room.

LIMITATIONS ON NEW CONSTRUCTION

Under HOPWA regulations, new construction is limited to Single Room Occupancy dwellings (SROs) and "community residences." A community residence is defined by HUD as "a multi-unit residence designed to provide a lower cost alternative to institutional care; to prevent or delay the need for such care; to provide a permanent or transitional residential setting with appropriate services to enhance the quality of life for those who are unable to live independently; and to enable such person to participate as fully as possible in the community."

SUPPORT SERVICES

Federal HOPWA regulations require that all recipients of HOPWA funding ensure that tenants receiving housing assistance are provided with appropriate support services. Selected applicants will be required to work with service providers in the area to ensure that the support services needs of their HOPWA-eligible residents are met. Under the HOPWA rating and ranking criteria, applications will be judged on both the services plan provided, as well as documentation on the relationship between the developer and the social services agency proposed.

CONFIDENTIALITY

Protection of client confidentiality is a major concern for persons living with HIV/AIDS, who may face discrimination, harassment, or victimization should their diagnosis become known. Fear of unauthorized or inadvertent disclosure often prevents individuals living with HIV from accessing

HIV-related information and services. HOPWA regulations state that the names of individuals must remain confidential. Other personally identifying information includes any data that, alone or in conjunction with other data, is likely to disclose a client's identity and/or location. HOPWA Confidentiality Best Practices include but are not limited to the following:

- Gathering client data through private intake sessions;
- Storing client data by limiting the number of staff who have access to client data and keeping records safe and secure;
- Ensure that client consent to share data is obtained;
- Avoid unintentional information sharing;
- Provide aggregate client data for HOPWA reporting purposes;
- Create confidential systems for financial reporting; and
- Take precautions to protect confidentiality and limit exposure of identifiable information.

For more information, reference the HOPWA Confidentiality User Guide:

https://files.hudexchange.info/resources/documents/HOPWA-Confidentiality-User-Guide.pdf

PART 3 APPLICATION EVALUATION CRITERIA

Applications submitted in response to the annual NOFA are assessed against federal eligibility requirements, programmatic thresholds, and evaluation criteria in order to fairly evaluate and rank these applications. County staff also strives to use the funds throughout the County and not overly allocate funds in a single area.

Applications will first be reviewed by DCD staff to determine if the federal eligibility and programmatic thresholds are satisfied. Projects meeting requirements will be evaluated according to the evaluation criteria.

DCD staff makes its funding recommendations to the Affordable Housing Finance Committee (AHFC). Its recommendations are forwarded to the Board of Supervisors for approval. The AHFC is a board appointed citizen advisory committee consisting of City, County, and Community representatives.

THRESHOLD REQUIREMENTS

Projects must be targeted to lower income households and must comply with affordable rent and sales price restrictions. See Appendix C for income and rent limits. It is the applicant's responsibility to review program requirements for each funding source they are applying for. All projects submitted for funding consideration must meet the following criteria to be eligible for a funding commitment.

LONG-TERM AFFORDABILITY

To ensure that County investments yield affordable housing over the long term, the different County programs impose rent and occupancy requirements over the length of an affordability period.

For rental projects with HOME funds, the length of affordability period depends on the amount of the HOME Investment in the project and the nature of the project. The table below provides the HOME-Term affordability periods.

HOME Activity - Rental	HOME Investment per Unit	HOME Affordability Period
Housing Acquisition and/or Rehabilitation	Less than $15,000	5 years
	$15,000 - $40,000	10 years
	$More than $40,000	15 years
New Construction	Any $	20 years
Refinancing	Any $	15 years

Rental HOME-Term guaranteed with the execution of a HOME Regulatory Agreement followed by a County-Term with a separate County Regulatory Agreement for a total of 55 years of affordability.

CONSISTENCY WITH THE STRATEGIC GOALS OF THE CONSOLIDATED PLAN

The Consolidated Plan establishes the following priorities for all project and programs funded with CDBG-Housing, HOME and HOPWA funds. Affordable Housing is considered a priority need in the FY 2020-2025 Consolidated Plan.

New Affordable Rental Units	AH-1: Expand housing opportunities for extremely low-income, very low-income, low-income, and moderate-income households through an increase in the supply of decent, safe, and affordable rental housing via new housing construction or acquisition of land for the purpose of housing construction.
Increase Homeownership Opportunities	AH-2: Increase homeownership opportunities via the construction, acquisition, and/or rehabilitation of housing units for homeownership; and/or direct financial assistance provided to low- to moderate-income homebuyers.
Maintain and Preserve	AH-3: Maintain and preserve the existing affordable housing stock.
Supportive Housing for Special Needs Populations	AH-4: Increase the supply of appropriate and supportive housing for special needs populations, which may include short term tenant based rental assistance.

SITE CONTROL

Developers must have site control, and evidence of site control must be included in the application. Evidence may include one of the following:

- Grant deed evidencing fee title ownership;

- Purchase agreement;
- Option to purchase or lease;
- Long term lease agreement;
- Executed land sales contract or enforceable agreement for acquisition; or
- Exclusive Negotiating Agreement, Lease Disposition & Development Agreement, or Disposition & Development Agreement.

CAPACITY AND EXPERIENCE OF THE DEVELOPER AND DEVELOPMENT TEAM

The developer and development team must have demonstrated experience and capacity for completing projects similar to what is proposed in terms of scope, size, budget, financing structure, ability to obtain financing, and schedule. The developer, or the housing management entity that the developer contracts with, must also have a demonstrated capacity for managing completed projects similar to what is proposed in terms of scope, size, operating budget, and services.

FINANCIALLY FEASIBLE PROJECT

<u>Requested funds must fill a financing gap</u>. The project must have identified all sources of funds and can demonstrate the need for an additional source of funds. CDBG, HOME, or HOPWA funds may not replace other permanent funding on the project. Exceptions to this rule will be made only when a permanent funding source is no longer viable.

PROJECT IMPLEMENTATION SCHEDULE AND TIMING

Projects will be required to submit and be evaluated on a project implementation schedule including all major milestones (property acquisition, development entitlements, construction start, occupancy, etc.). The timeline for project completion must make reasonable assumptions. Applicants must provide a narrative regarding whether or not discretionary approvals are required for planning or building permits and the project's status and schedule relating to this. Projects that do not require discretionary planning approvals must provide a letter documenting that the project does not need planning approvals from the project~~s~~ jurisdiction's Planning Department.

PROJECT CRITERIA

Project must meet one of the following criteria:

a) Long-term affordable rental housing which is either permanent or transitional housing in nature; or

b) Homeownership activities that provide long-term affordable ownership housing that qualifies as ownership housing under CDBG or HOME regulations; or

c) Special needs housing, including permanent supportive housing, group homes, or emergency shelters.

PROJECT TARGETING AND CHARACTERISTICS

Federal Regulations require that all rental HOME-assisted units must meet the following minimum income limits:

a) 100% of HOME-assisted units must be reserved for households with incomes at or below 80% of area median income (AMI) as defined by HUD; or

b) 20% of HOME-assisted units must be reserved for households at or below 50% of AMI as defined by HUD.

County policy further establishes a goal of 100% of assisted units reserved for households with incomes at or below 50% AMI and 10% of units affordable at 30% AMI.

LOCAL SUPPORT

Projects will be required to generate local support, including contacts with local governmental officials, public agencies, neighborhood, and community organizations, etc. The developer must show that the project has the support of the local jurisdiction where the project is proposed (financial support for the project is encouraged but not required).

ALLOWED CONSTRUCTION AND OPERATING BUDGET

DEVELOPER FEE

A developer fee is an eligible cost and must reflect a reasonable rate. Allowable fees for mixed-income projects, minor rehabilitation projects, or rehabilitation of existing affordable housing will be negotiated on a project-by-project basis. Developer fees are contingent upon satisfactory completion of the project.

RENTAL PROJECTS UTILIZING 9% TAX CREDITS

For projects that will be financed, in part, with 9% competitive Low Income Housing Tax Credits, the total Developer Fee payments shall not exceed the amount that may be included in project costs allowed by the TCAC program. No more than $2 million in cash to the developer at construction close will be allowed. Developer Fees in excess of $2 million must be deferred or contributed to the development as sponsor equity.

RENTAL PROJECTS UTILIZING 4% TAX CREDITS

For projects that will be financed, in part, with 4% Low Income Housing Tax Credits, the total Developer Fee payments shall not exceed the amount that may be included in project costs allowed by the TCAC program. No more than $2.5 million in cash to the developer at construction close will be allowed. Developer Fees in excess of $2.5 million must be deferred or contributed to the development as sponsor equity.

NON-TAX CREDIT PROJECTS – RENTAL OR HOMEOWNERSHIP

For projects that will not be funded with Low Income Housing Tax Credits, the County standard is that the developer fee shall range between 2% and 10% of total development costs, depending on the complexity of the development.

Developer Fee %	# of Units in Project
10%	Up to 8 units
7%	9 to 20 units
5%	21 to 50 units
3%	51to 70 units
2%	Unit count >70 units

DEVELOPER FEE - REHABILITATION PROGRAMS

For ongoing rehabilitation programs (either scattered site rental or owner-occupied homeownership), staff personnel costs shall be considered as a developer fee. The maximum allowable developer fee is 10% of the CDBG, HOME, and/or HOPWA subsidy. For example, if the Applicant is requesting $500,000 in funds for a scattered site rental rehabilitation program, the maximum allowable developer fee request is $50,000. Thus, $450,000 will be available for direct rehabilitation costs.

CONSTRUCTION CONTINGENCY

The development must include a minimum 8% hard construction cost contingency for new construction projects and a minimum 15% hard construction cost contingency for rehabilitation projects are required in the development budget. In addition, the development must include a soft cost contingency of a minimum 10% of soft costs, excluding developer and administrative fees, construction loan interest, and reserves.

PARTNERSHIP MANAGEMENT AND ASSET MANAGEMENT FEE

The total of the partnership management and asset management fee is limited to $38,000 per year during the tax credit period and $25,000 per year after year 15. No automatic escalation is allowed.

OPERATING BUDGET REQUIREMENTS

Operating budgets and 20-year pro forma must conform to the following criteria:

- The operating budget must show at least break-even cash flow within 18 months of initial rent-up. If this is not achievable, a written explanation in the financial narrative should accompany the application;
- Include operating and replacement reserves (See Replacement and Operating Reserve Requirements below);
- 5% annual vacancy/collection loss for family, senior, and preservation projects and 10% annual vacancy/collection loss for SRO or special needs projects;
- 3.5% annual increase for expenses (other than property taxes and replacement reserves deposits);
- 2% annual increase for property tax;
- 2.5% annual increase for rental income;
- Do not assume Section 8 project based rental assistance unless the County Housing Authority has previously made an award for the proposed project;
- The cash flow projection must demonstrate that annual revenues meet or exceed annual expenses over the 20-year term; and
- A debt coverage ratio of up to 1.15 is allowed if required by senior lenders.

The operating budget will be reviewed to ensure it is sufficient for proper maintenance and management but is not excessive compared to other similar properties. If the applicant is proposing different standards than those outlined above, a written explanation and justification is required.

REPLACEMENT AND OPERATING RESERVE REQUIREMENTS

County financing is generally in place longer than other financing sources (55 years). As a result, the owner's ability to maintain and repair the project over the long term is extremely important to DCD. Exceptions to the stated requirements will be granted in rare cases only. Use of replacement and operating reserves is subject to prior review and approval by DCD, or other senior lenders.

a. ***Replacement Reserves:*** For new construction projects, the initial amount of annual deposits to the replacement reserve account shall be equal to at least the lesser of 0.6% of estimated construction costs associated with structures in the project, excluding construction contingency and general requirements, or $500 per unit.

For rehabilitation projects, developers will be required to submit a third-party physical needs assessment in which the lifecycle and cost of major building systems is estimated. In the absence of an approved physical needs assessment or other reliable indicators of the need for replacement reserve funds, DCD may assume that the initial amount of the annual deposits shall be $600 per unit. Substantial rehabilitation projects should use reserve standards for new construction projects.

Replacement Reserve Calculation Example	
Estimated Construction Costs (Structures)	$10,000,000
0.6% of Structures	$60,000
Total # of Units	50
$500/Unit	$25,000

In the above example, the required annual replacement reserve deposit would be $25,000 (less than the 0.6% of the Structures Cost amount).

b. ***Operating Reserves:*** initial operating reserve of 2 percent of the gross rental income must be capitalized on a monthly basis until the reserve reaches an amount equal to six months operating costs (including debt service costs). The operating reserve must be maintained at the level of six months of operating costs for the period during which the property is regulated by the County Regulatory Agreement.

c. ***HOME Rental Compliance Monitoring Fee:*** As specified in the Federal HOME regulations 24 CFR 92.214 (b)(1)(i), a fee may be charged to cover the cost of ongoing monitoring and physical inspection of HOME projects during the period of affordability. The project proforma is required to include a line item including an anticipated monitoring fee of $250 per HOME unit every year of the required period of affordability. This fee may be waived if the County is the issuer of tax-exempt bonds for the development. If the applicant is proposing different standards than those outlined above, please provide an explanation and rationale in the narrative portion of the finance section of the application.

UTILITY ALLOWANCE REQUIREMENTS

Maximum rents must be adjusted downward by an allowance for tenant-paid utilities based on the anticipated utility costs for the building. The utility allowance requirement at 24 CFR 92.252 (d) in the HOME Rule is applicable to all rental projects to which HOME funds were committed on or after August 23, 2013. The utility allowance calculation for a HOME-assisted rental unit is determined by using one of the following five methodologies: (1) the HUD Utility Schedule Model, (2) Multifamily Housing Utility Analysis, (3) Utility Company Estimate, (4) LIHTC Agency Estimate, or (5) Energy Consumption Model (Engineer Model).

For more information on the HOME Program Utility Allowance Requirements, reference HOMEfires – Volume 13 No. 2, revised August 2016:

https://files.hudexchange.info/resources/documents/HOMEfires-Vol13-No2-Guidance-on-How-to-Establish-Utility-Allowances-for-HOME-Assisted-Rental-Units.pdf

Under the HOME Rule, HOME-assisted units are no longer permitted to use the utility allowance established by the local Public Housing Authority (PHA) for projects with HOME funds that were committed on or after August 23, 2013.

CDBG, HOPWA, PLHA, and Inclusionary In-lieu assisted rental units are still permitted to use the utility allowance established by the local PHA.

REASONABLE DEVELOPMENT COSTS

Projects must not exceed reasonable development costs. The applicant must include rationale for all budget line items. If project budgets are deemed unusually high or low, DCD staff may request additional information. If costs go up during the loan closing phase, DCD reserves the right to evaluate an application and withdraw funding based on new information.

Final Work Write-up

All projects must demonstrate cost reasonableness verified by an independent third party. A final work-write up showing the costs per unit will be required.

ADDITIONAL REQUIREMENTS

REHABILITATION STANDARDS

All proposed rehabilitation properties funded with HOME funds are subject to minimum property standards at project completion and subject to property standards throughout the HOME affordability period. In addition, for projects with 26 or more units, a capital needs assessment will be required with the application. Both the single-family and multiple-family standards can be found on the County's Developing Affordable Housing webpage:

http://www.contracosta.ca.gov/aff-hsg-dev

CHDO HOME FUNDS

If a developer is applying for CHDO funds, the developer must be a nonprofit agency that has been determined by the Consortium to meet CHDO requirements as specified in the federal HOME regulations 24 CFR 92.2 (7/24/13 revision) or be a limited liability company, or limited partnership that includes a qualified CHDO. Information on this regulation can be found in 24 CFR 92.300(a)(1). CHDO certification (and recertification) information is included in the annual NOFA. See Appendix H for additional information.

SPECIAL NEEDS & PERMANENT SUPPORTIVE HOUSING

If the proposed housing development targets a special needs population, a Resident Services Plan to provide supportive services must be submitted. This may include services provided directly by the applicant organization. If services are to be provided by other organizations, a MOU or letter of intent to enter into a MOU must be attached. The Resident Services Plan must state how many special needs set-aside units there will be in the project and the exact population that will be targeted; must demonstrate that the essential supportive and social service needs of the target population will be met; and must include individual case management services.

ADMINISTRATIVE PROCEDURES

Applicant's administrative procedures must be in compliance with 2 CFR Part 200.

PUBLIC RECOGNITION OF FUNDING

Applicant will be required to publicly recognize the funding provided by Contra Costa County in all newspaper articles and any other public relations opportunities related to this project. DCD staff and members of the Board of Supervisors must be invited to participate in groundbreaking and grand opening ceremonies, if held.

PART 4 LOAN TERMS AND REQUIREMENTS BEFORE LOAN CLOSING

LOAN AND CONTRACT TERMS – RENTAL PROJECTS

Standard loan terms are 3 percent simple interest with a 55-year term and with annual payments due from surplus cash or residual receipts. HOPWA loans are zero interest and fully deferred for 55 years.

It is the County's goal to assist developers in achieving financially viable projects and to leverage other financing; therefore, loan terms may be changed based on DCD staff review of a written request with supporting documentation. Draft loan documents (loan agreement, regulatory agreement, deed of trust, and promissory note) are circulated to the project developer prior to execution. It is the developer's responsibility to negotiate this requirement with other lenders.

ANNUAL PAYMENTS DUE

The annual audit of the project must calculate the amount of payment owed to each separate lender every year as part of the ongoing multi-year reporting requirements. Typical payments are made in an amount equal to the sum of (1) the County Loan Prorata Percentage of the Lender's Share of Residual Receipts and (2) the County additional Prorata Share multiplied by borrower's Shared Portion of Residual Receipts (each such payment is considered an "annual payment"). The County shall apply all annual payments first, to accrued interest; and second, to principal.

All loans are due on sale, refinancing, or transfer (except to a related entity, such as a limited partnership, subject to the County approval).

The County will not consider any requests to lower its interest rate below that of the lenders associated with the home city if the project is not located in unincorporated Contra Costa County. This might be a City, Successor Agency, Housing Authority, and/or other local public body acting as lender.

County loans are secured by a deed of trust recorded on the property. Income, occupancy, and rent restrictions are placed on the property through a recorded regulatory agreement.

INSURANCE REQUIREMENTS

Proof of insurance is required prior to execution of loan documents. If the project will be owned by an LP or LLC, the LP or LLC must be able to provide proof of the required insurance (see below). During development, the developer/owner/borrower must have commercial general liability insurance with limits not less than $2 million each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal injury, Bradform Property Damage, and Products Completed Operations (which limits may be met through excess/umbrella coverage in the amount of $15 million). Automobile insurance coverage is required with of-at least $1 million per occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned, and hired vehicles, as applicable. Workers' Compensation to the extent required by law, including Employer's Liability coverage, with limits not less than $1 million per incident is required. Builders' Risk insurance during the course of construction is required, and upon completion of construction, property insurance covering the Development, in form appropriate for the nature of such property, covering all risks of loss, excluding earthquake, for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the County, naming the County as a Loss Payee, as its interests may appear. Flood insurance must be obtained if required by applicable federal regulations. Commercial crime insurance is required covering all officers and employees, for loss of Loan proceeds caused by dishonesty, in an amount approved by the County, naming the County a Loss Payee, as its interests may appear. DCD also requires property (hazard) damage insurance for rehabilitation projects in an amount equal to 100% of the replacement cost of the structure.

Commercial General Liability, Automobile Liability, and Property insurance policies must be endorsed to name as an additional insured the County and its officers, agents, employees, and members of the County Board of Supervisors.

The format of the endorsement that is acceptable by the County's Risk Management Department, is as follows:

- Endorsement for additional insureds must be on a separate additional page
- Must name Contra Costa County and its officers and employees as additional insured for general liability (it's best to include the name and address as indicated below)
- Name of insured must be included (this is your organization)
- Policy number must be included on the endorsement page

    "Contra Costa County and its officers and employees"
    Contra Costa County DCD
    30 Muir Road

Martinez, CA 94553

After completion of construction, similar levels of liability and hazard coverage are required throughout the term of the loan and are specified by the Regulatory Agreement. The required insurance must be provided under an occurrence form. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit must be three times the occurrence limits specified above.

Any general contractor, agent, or subcontractor working on the development under direct contract with the borrower or subcontract are to maintain insurance of the types and in at least the minimum amounts described above for Workers' Compensation, Commercial General Liability, and Automobile Liability, except that the limit of liability for commercial general liability insurance for subcontractors must be $1 million, and must require that such insurance will meet all of the general requirements naming the County as an additional insured as stated above.

All policies and bonds are to contain: (i) the agreement of the insurer to give the County at least ten (10) days' notice prior to cancellation or material change for nonpayment of premium, and thirty (30) days' notice prior to cancellation for any other change or cancellation in said policies; (ii) an agreement that such policies are primary and non-contributing with any insurance that may be carried by the County; (iii) a provision that no act or omission of Borrower shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (iv) a waiver by the insurer of all rights of subrogation against the County and its authorized parties in connection with any loss or damage thereby insured against.

Requirements may change based on the County's Risk Management standards.

COUNTY PROJECT DELIVERY COSTS

County costs associated with the implementation of the project, such as ensuring project compliance with federal requirements and development of legal documents, will be covered by additional CDBG, HOME, or HOPWA funds allocated to the project. These funds will not be added to the loan but will be considered project costs when calculating the maximum subsidy amount.

DISBURSEMENT OF FUNDS

Funds are generally disbursed on a reimbursement basis upon submission of invoices and specified backup documentation. Funds for acquisition of properties may be provided through deposit of funds into an escrow account with written instructions from the developer to the County.

LOAN RETENTION

County requires at least $50,000 (up to 10% of the County loan) of the County funds be retained by DCD as performance retention. The retention will be released upon recordation of a Notice of Completion, release of all liens, satisfactory compliance with all reporting requirements, and approval by DCD of the project cost certification. Reporting requirements will be outlined in more detail in the loan agreement and include a completion occupancy report with household beneficiary information including but not limited to income, race, and ethnicity for all County assisted units, cost report, resolution of Davis-Bacon issues, final relocation reports, and proof of compliance with NEPA mitigations.

SUBORDINATION REQUIREMENTS

Any agreement by the County to subordinate the Deed of Trust and/or Regulatory Agreement to an encumbrance securing and/or evidencing a Senior Loan will be subject to the satisfaction of each of the following conditions: *(Note that the term "borrower" in the section below applies to the ownership entity of the project.)*

1. All of the proceeds of the Senior Loan, less any transaction costs, are used to provide acquisition, construction, and/or permanent financing for the development.
2. The lender of the Senior Loan is a state or federally chartered financial institution, a nonprofit corporation, or a public entity that is not affiliated with the borrower or any of the borrower's affiliates, other than as a depositor or a lender.
3. Borrower demonstrates to the County's satisfaction that subordination of the Deed of Trust and the Regulatory Agreement is necessary to secure adequate acquisition, construction, and/or permanent financing to ensure the viability of the development, including the operation of the development, including the operation of the development as affordable housing, as required by the County loan documents. To satisfy this requirement, borrower must provide to the County, in addition to any other information reasonably required by the County, evidence demonstrating that the proposed amount of the Senior Loan is necessary to provide adequate acquisition, construction, and/or permanent financing to ensure the viability of the development, and adequate financing for the development would not be available without the proposed subordination.
4. The subordination agreement(s) is structured to minimize the risk that the Deed of Trust and the Regulatory Agreement will be extinguished as a result of a foreclosure by the bank or other holder of the Senior Loan. To satisfy this requirement, the subordination agreement must provide the County with adequate rights to cure any defaults by borrower, including: (1) providing the County or its successor with copies of any notices of default at the same time and in the same manner as provided to borrower; and (2) providing the County with a cure period of at least sixty (60) days to cure any default.
5. The subordination(s) of the County loan is effective only during the original term of the bank loan and any extension of its term that is approved in writing by the County.
6. The subordination does not limit the effect of the Deed of Trust and the Regulatory Agreement before a foreclosure, nor require the consent of the lender prior to the County exercising any remedies available to the County under the County loan documents.

PART 5 ADDITIONAL FEDERAL REQUIREMENTS

The project must comply with federal crosscutting requirements. These requirements will be described in further detail to the project sponsor upon commitment of funding and a brief summary is included below:

MATCH REQUIREMENTS

All HOME and CDBG funded projects are required to provide matching funds as indicated in the following:

- All HOME funded projects will be required to provide a minimum 25% permanent match contribution from non-federal sources;
- The match required for CDBG funded project is dependent on the applicant category: nonprofit organizations are required to provide a minimum 10% match; public agencies a 25% match; and for-profit organizations a 100% match. CDBG matching funds may be from public or private, federal, state, or local resources;
- The HOPWA program does not have a specific match requirement, but the funds used for HOPWA units must be proportional to other units in the development.

ENVIRONMENTAL REVIEW

National Environmental Review Policy Act (NEPA)

Prior to final project approval and execution of loan documents and initial disbursement of funds, the required environmental review under NEPA must be completed. The NEPA process may take three to six months to complete. Please note that upon submittal of an application, pursuant to HUD environmental review regulations, no activities can take place on the project (even if the activities are funded by non-federal funding sources) unless an environmental review for the entire project has been completed. Because of the likelihood that federal funds will be awarded, applicants must refrain from undertaking activities that would have an adverse environmental impact or would otherwise limit the choice of reasonable alternatives between the time of application submittal and when DCD has completed the environmental review process. **Such activities (known as "choice limiting") include executing Disposition and Development Agreements (DDAs), acquisition, rehabilitation, conversion, leasing, repairing or constructing property, and any site preparation during the NEPA review period.** Predevelopment activities such as site plans, feasibility studies (i.e. market studies), and applications for other funds may proceed. The prohibition against choice-limiting actions begins on the date the application is submitted to the County. Failure to comply with this requirement could result in the project being ineligible for federal funding.

The County's policy is to not fund a proposed new construction housing project if it is one of the below flood plain zones. Contra Costa County contains various Special Flood Hazard Area (SFHA), also known as 100-year flood zones. SFHAs are areas where the National Flood Insurance Program's (NFIP's) floodplain management regulations must be enforced and the area where the mandatory purchase of flood insurance applies. The SFHAs includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-30, VE, and V.

For an acquisition and/or rehabilitation housing project, federal assistance may be used for projects with any building, including residential buildings, in SFHA designated by FEMA if:

- The County is participating in the National Flood Insurance Program; and
- Flood insurance is obtained by the property owner as a condition of approval for using federal funds; and
- The County is responsible for ensuring flood insurance is obtained and maintained for the life of the building and at a minimum is required to be in the amount of the federal funds the County provided to the project. (Note: The County will require a document to be recorded on title to reflect this requirement, which may adversely affect future sale of the property.)

California Environmental Quality Act (CEQA)

If the project has CEQA clearance from the local planning department, please provide CEQA documents to the County. If CEQA is not complete, the County may request that the NEPA review be coordinated with the CEQA review from the local planning department. Please inform the local planning department to include the County as a responsible entity.

RELOCATION (UNIFORM RELOCATION ACT)

DCD makes all efforts to minimize displacement of current occupants of proposed housing development projects and asks that applicants for funds minimize displacement. Federal, and possibly State, relocation laws will apply to projects funded by DCD. These laws are applicable to projects that will temporarily or permanently displace current business or residential occupants. Required relocation assistance and benefits can add substantially to the project cost. Relocation plans are required and must be submitted to DCD for all acquisition/rehabilitation projects and for new construction projects where there is potential for temporary or permanent relocation. All developers must contract with a relocation consultant unless the developer can demonstrate existing staff have relocation expertise.

DAVIS-BACON (FEDERAL PREVAILING WAGE)

Davis Bacon requirements are triggered when there are more than 11 HOME-assisted units. CDBG triggers Davis Bacon in housing projects of 8 or more total units. HOPWA funding does not trigger Davis Bacon. The construction bid package must include the current federal wage determination. The prime contractor must update the bid package if a revised wage determination is published 10 or more days before the bids are due.

OTHER LABOR/CONTRACTING REQUIREMENTS

STATE PREVAILING WAGE REQUIREMENTS:

It is the developers' responsibility to determine if state prevailing wage requirements apply to the proposed project and to budget accordingly.

COMPETITIVE BIDDING:

Unless special circumstances apply, HUD and the County require competitive bidding of all construction and professional services contracts arising from the use of funds under a NOFA.

Procurement procedures are included in the application for funding and is attached to the application in CDS and also available online: http://www.contracosta.ca.gov/CDBG.

Bid documents must be submitted to DCD staff for review and approval prior to advertising the bid opportunity. DCD will confirm that the bid package includes all required information pursuant to Davis-Bacon, procurement, insurance requirements, Section 3, and any other federal, state, or local requirements. A list of sites and publications where the bid notice will appear must be included with the bid package submission.

SECTION 3:

Federally funded projects are subject to HUD Section 3 requirements. Section 3 requires that recipients of HUD dollars spent on housing rehabilitation or new construction, and their subcontractors, must provide, to the greatest extent feasible, employment, training, and contracting opportunities to low and very low-income people and businesses. If a project is awarded funding, Section 3 requirements and reporting requirements are triggered. Monthly reporting requirements will include the tracking of labor hours of all construction and non-construction workers. Contra Costa's Section 3 Plan is attached as Appendix H. The text in Exhibit C of the plan must be included in all contracts and subcontracts over $200,000.

DEBARRED, SUSPENDED OR INELIGIBLE CONTRACTORS AND PARTICIPANTS:

Federal funds granted by HUD may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension, or placement of ineligibility status. Prior to entering into any contract, DCD will check all contractors, subcontractors (including sub-tier contractors), consultants, and subrecipients against the System for Award Management (SAM), found at www.sam.gov.

SECTION 504 ACCESSIBILITY REQUIREMENTS:

Developments assisted with federal funds must meet the requirements of the Americans with Disabilities Act and the Fair Housing Act, among other local, state, and federal laws. Projects with any federal funds must also meet accessibility requirements of Section 504 of the Rehabilitation Act of 1973 (24 CFR 100.205 and Part 8). Section 504 sets minimum percentages of accessible units, and calls for fully accessible common areas, among its numerous requirements.

- For all federally funded projects, a minimum of 5% of the total number of units must be accessible to people with physical disabilities, and an additional 2% of units must be accessible to people with auditory and visual disabilities, as defined in the Uniform Federal Accessibility Standards (UFAS).
- When Section 504, the Fair Housing Act, and/or ADA apply, the developer and project architect must make a written certification of compliance.

Section 504 does not apply to rehabilitation projects if it is not feasible to modify the site to fully accommodate persons with disabilities.

FAIR HOUSING AFFIRMATIVE MARKETING PLAN AND TENANT SELECTION CRITERIA

A preliminary Marketing Plan (including tenant selection criteria) is required at the time of application. For rental projects, a final Marketing Plan with copies of marketing flyers and application materials will be required 180 days prior to construction completion and must be approved by DCD prior to the beginning of rent-up activities.

Standard County Regulatory Agreements includes language where DCD will have the right to approve the project's Management Plan, management agent, and management contract.

TECHNOLOGY PLAN

Projects must provide the capacity for high-speed internet access in each unit, by a means that does not impede the use of the primary telephone line. The Technology Plan should address how the project will meet or exceed this requirement.

RESIDENT SERVICES PLAN

If the proposed housing development targets a special needs population, a Resident Services Plan to provide supportive services must be submitted. This may include services provided directly by the applicant organization. If services are to be provided by other organizations, a MOU or letter of intent to enter into a MOU must be attached. The Resident Services Plan must state how many special needs set-aside units there will be in the project and the exact population that will be targeted; must demonstrate that the essential supportive and social service needs of the target population will be met; and must include individual case management services.

LANGUAGE ASSISTANCE PLAN

A Language Assistance Plan (LAP) describing how non-English speaking and Limited English Proficient (LEP) tenants and prospective tenants will be served must be included with the application (typically included in the Marketing Plan).

The County's Language Assistance Plan is available by request.

LEAD-BASED PAINT

Testing and abatement of lead-based paint in rehabilitation projects is required. Projects must follow the federal guidelines, which require notification to prospective residents of potential lead-based paint hazards among other requirements. (See Appendix I)

NONDISCRIMINATION AND EQUAL ACCESS

Recipients of funding must not discriminate on the basis of race, color, ancestry, national origin, religion, sex, sexual preference, age, marital status, family status, source of income, physical or mental disability, HIV/AIDS, or any other arbitrary basis in the course of carrying out contracted activities, as well as in the ongoing operations and management of the project for the full term of the regulatory agreement.

SITE AND NEIGHBORHOOD STANDARDS

The Site and Neighborhood Standards Review is applicable to HOME-funded new construction projects in areas of minority concentration (greater than 50%) or a racially mixed area (25-50%) if the project will cause a significant increase in the proportion of minority to non-minority residents.

INCOME CERTIFICATION

Per Federal and County requirements, Owners are required to re-examine tenant incomes annually to ensure that tenants continue to meet the income requirements. Rents and tenant incomes will be annually reviewed for compliance by DCD. Incomes must be calculated consistent with the Part 5 definition and guidance found at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/calculator/definitions/part5

MONITORING

After an award of funding, project sponsors are required to meet with DCD staff to discuss the project funding, applicable federal regulations, and County restrictions including the County's MBE/WBE policies. The County and project sponsor then enter into legal documents, which specify project objectives, scope of work, eligible activities, performance targets, project budget, implementation time frame, federal regulatory requirements, and monitoring and reporting requirements. All housing development funds are provided to projects in the form of a loan or grant with regulations, use restrictions, and term incorporated into the legal documents. Requirements concerning MBE/WBE participation have been incorporated into all HOME project agreements and loan documents. Each project will be monitored and evaluated on meeting the performance measurement outcome indicator, as detailed below.

CONSTRUCTION MONITORING

During project implementation, project sponsors are required to submit periodic progress reports detailing project progress, significant development problems, project funding and expenditures, outreach to women-owned businesses and minority-owned businesses, Section 3 compliance, and affirmative marketing activity. Projects are monitored for compliance with federal accounting and procurement standards, labor and construction standards, relocation, affirmative marketing, equal opportunity, fair housing, and other federal requirements.

PROJECT COMPLETION/OCCUPANCY

At project completion, project sponsors submit project completion reports identifying the following:

- project accomplishments;
- population served, data on household characteristics (e.g., size, income, and race/ethnicity);
- rent and/or housing affordability; and
- total sources and uses of funds, etc.

See Appendix F for Conditions Precedent to Disbursement of Loan Funds.

ANNUAL MONITORING (INCLUDING PHYSICAL INSPECTIONS)

Affordable housing development projects submit annual compliance (including financial) reports throughout the period of required affordability. These reports ensure continued compliance with federal regulations, affordability and use restrictions, and other requirements as specified in project loan documents. HOME-, HOPWA- and CDBG-assisted rental projects will be subject to periodic onsite inspections. Financial reports and tenant rosters are reviewed on an annual basis. Projects are monitored (physical inspection and on-site tenant file review) within the first year of the HOME-, HOPWA-, or CDBG-affordability term and once every three years thereafter for the length of the required affordability term.

RENT INCREASE REQUESTS

All Rent increases for all County-Assisted Units are subject to County approval. No later than sixty (60) days prior to the proposed implementation of any Rent increase affecting a County-Assisted Unit, Borrower shall submit to the County a schedule of any proposed increase in the Rent charged for County-Assisted Units. The Rent for such Units may be increased no more than once annually based upon the annual income certification. The County will disapprove a Rent increase if it violates the schedule of maximum permissible Rents for the County-Assisted Units provided to Borrower by the County or is greater than a 5% increase over the previous year's Rent, provided that the County may approve a request from Borrower for a rent increase greater than 5%, with a written explanation for the request from Borrower. Borrower shall give Tenants written notice at least thirty (30) days prior to any Rent increase, following completion of the County approval process set forth above. The Rent Increase Request form can be found on the County's Developing Affordable Housing webpage: http://www.contracosta.ca.gov/aff-hsg-dev

PART 6 COUNTY POLICIES

In addition to federal requirements, the County has established the following standards:

DEVELOPER EXPERIENCE AND CAPACITY

An applicant must demonstrate experience and capacity to complete the project. Experience includes the successful development and completion of three projects of a similar size and scope by the developer. The developer must have its own paid staff who are assigned to the project, who have worked on similar projects, and whose résumés demonstrate their ability to guide the project through all stages of the development process. See Appendix D for additional information.

ASSET/PROPERTY MANAGEMENT CAPACITY

An applicant must demonstrate the proposed asset/property management agent has the experience and capacity to manage a project of a similar size, scope, and funding source restrictions as being proposed for funding. Copies of annual monitoring compliance audits and completion letters issued by local, state, or federal monitors should be submitted for projects within Contra Costa County.

GREEN AND SUSTAINABLE BUILDING

Green and sustainable building is encouraged. It strives to improve design and construction practices so that new buildings will last longer, cost less to operate, and contribute to increased productivity and better working environments for workers and/or residents. In addition, green building works to protect natural resources and improve the built environment so ecosystems, people, enterprises, and communities can thrive and prosper. Green and sustainable building requires thorough planning, thoughtful design, and quality construction.

EVIDENCE OF COMMUNITY OUTREACH

The developer must show that the project has the support of the jurisdiction where the project is located. For new construction or substantial rehabilitation projects, the developer must submit evidence of community outreach to residents surrounding the proposed development and to relevant community groups. Evidence of community outreach must include copies of announcements of the meetings (flyers, advertisements, etc.), meeting agendas, any handouts or other information used at the meetings, and sign-in sheets. For acquisition and rehabilitation projects, the developer must demonstrate that meetings with the existing tenants have occurred, and the tenants are aware of the extent of rehabilitation and work which will occur on site. Applicants must provide a narrative regarding whether or not discretionary approvals are required for planning or building permits, project status, and development schedule. Projects that do not require discretionary planning approvals may provide a letter of support from the jurisdiction's Planning or Housing Department.

COUNTY LEGAL COSTS

The loan closing costs associated with County funds shall be borne by the project. Contra Costa County uses both outside legal consultants and County Counsel. As discussed in Part 2, Section E, the project allocation of funding is increased by an amount sufficient to cover county legal costs. As these documents are tailored to each project, the costs may range between $10,000 and $30,000 depending on the amount of negotiation and re-drafting required.

MULTIFAMILY HOUSING REVENUE BONDS

Projects that receive an allocation of funding from the County and are applying for Multifamily Housing Revenue Bonds from the California Debt Limit Allocation Committee for either construction or permanent funding, must contact DCD bond administration staff to discuss the County's role as bond issuer.

MINORITY AND WOMEN'S BUSINESS OUTREACH PROGRAM

It is the policy of Contra Costa County that Minority-owned Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs)[4] shall have the maximum opportunity to participate

4 An eligible MBE is a business entity at least 51 percent owned and whose management and daily business operations are controlled by one or more minorities who are citizens or lawful permanent residents of the United

in the performance of contracts and projects funded through the CDBG, HOME, HOPWA, and ESG Programs. Services provided under such contracts may include but are not necessarily limited to: real estate; construction; appraisal; property management; lending; investment banking; underwriting; accounting and legal representation and advice.

1. In order to implement this policy within the context of federally-funded programs, affirmative marketing procedures will be employed by the Contra Costa County Department of Conservation and Development (DCD) to ensure that appropriate MBE/WBEs are notified of the availability of federal funds and potential contracting opportunities. These procedures include the following:

    a. Maintenance of a list of MBE/WBE certifying agencies for use by the County and prime contractors for funded projects. The list is currently available through DCD.
    b. Distribution of information concerning the CDBG, HOME, HOPWA, and ESG programs and potential contracting opportunities through meetings and other contacts with local resource organizations currently employed by the County in soliciting MBE/WBE participation in County projects. These organizations include, but are not limited to the following: Filipino Chamber of Commerce of Contra Costa County; Hispanic Chamber of Commerce of Contra Costa County; National Association of Women Business Owners; Contra Costa Builders Exchange; Daily Pacific Builder; and the Chinese American Chamber of Commerce.
    c. Where economically feasible, total project requirements will be divided into smaller tasks or quantities to permit maximum participation by MBE/WBEs. In addition, the County will endeavor to establish delivery schedules for projects which encourage MBE/WBE participation.
    d. As appropriate, use the services and assistance of the Small Business Administration and Minority Business Development Agency of the Department of Commerce.

2. In addition to the above measures, the County will also require project sponsors and prime contractors receiving funds under the CDBG, HOME, HOPWA and ESG programs to solicit and use qualified MBE/WBEs for subcontract services wherever feasible. All project contracts will contain a clause requiring contractors to notify applicable MBE/WBE firms of available contracting and/or subcontracting opportunities. Notification requirements include advertising in a local newspaper and/or trade publication, direct mailing to local resource organizations, etc.

3. DCD will maintain centralized records concerning the use and participation of MBE/WBEs as contractors and subcontractors on all funded projects. In addition to information on MBE/WBEs which contract directly with the County for purposes of the specified programs,

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States and a member of a recognized racial or ethnic group (Black, Hispanic, Asian or Pacific Islander, American Indian or Alaskan Native). Similarly, an eligible WBE is a business entity at least 51 percent owned and whose management and daily business operations are controlled by one or more women who are citizens or lawful permanent residents of the United States.

DCD will require all subrecipients to maintain records and report annually on the participation of MBE/WBEs as subcontractors on projects.

PART 7 DEFINTIONS

GLOSSARY OF ACRONYMS AND TERMS

Activity Completion	The PJ must complete an IDIS activity when it meets the definition of project completion in the HOME regulations at 24 CFR 92.2. The activity is complete when the final drawdown has been disbursed for the project and the project completion information has been entered in IDIS for the project (except for rental projects and TBRA).
Activity Set Up	PJs set up each HOME project, as defined by the HOME regulations at 24 CFR 92.2, as a separate IDIS activity. Each IDIS activity is associated with an Annual Action Plan project. Information entered at activity setup includes the project name, location, proposed accomplishments, and project-specific data. An activity may not be set up and funded in IDIS until the PJ executes a legally binding HOME commitment (i.e. written agreement) that meets the pre-commitment requirements at 24 CFR 92.2.
Acquisition of Rental Housing	Acquisition is the purchase of existing rental housing. This must be combined with rehabilitation if the property does not meet the HOME property standards at the time of purchase.
AFFH	Affirmatively Furthering Fair Housing
AHFC	Affordable Housing Finance Committee
Annual Action Plan	The Annual Action Plan describes the projects and activities that the CPD formula block grant recipients plan to carry out with that grant year's funding and that will contribute to their Con Plan goals.
Annual Action Plan Project	An Annual Action Plan project includes a high-level description of the eligible program or activity that will take place during the PJ's program year.
Area Median Income (AMI)	The area median income (AMI) is the household income for the median, or middle, household in a region. HOME assistance must be provided to households at or below 80% of the area median income.
CEQA	California Environmental Quality Act
Certificate of Occupancy (C of O)	The Certification of Occupancy (often referred to as the C of O) is a certification by the state or local code official that the unit meets the applicable building standards required to allow occupancy.
Circulars	Instructions or information issued by the Office of Management and Budget (OMB) to Federal agencies. These are expected to have a continuing effect of two years or more.
Code of Federal Regulations (CFR)	The codification of the general and permanent rules published in the Federal Register by the departments and agencies of the Federal government.

Community Development Block Grant (CDBG)	A program that provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.
Community Housing Development Organization (CHDO)	A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR Part 92.2. A Participating Jurisdiction (PJ) must award at least 15 percent of its annual HOME allocation to housing that is owned, developed, or sponsored by Community Housing Development Organizations.
Community Residence	A multi-unit residence designed for HOPWA-eligible persons to provide a lower cost residential alternative to institutional care; to prevent or delay the need for such care; to provide permanent or transitory residential setting with appropriate services to enhance the quality of life for those who are unable to live independently; and to enable such persons to participate as fully as possible in community life.
Consolidated Annual Performance Evaluation Report (CAPER)	The CAPER is an annual performance report on the Consolidated Plan and Action Plan goals and achievements. The CAPER includes a description of the resources made available, the investment of available resources, the geographic distribution and location of investments, the families and persons assisted (including the racial and ethnic status of persons assisted), actions taken to affirmatively further fair housing, and other accomplishments related to the goals set forth in the Con Plan and Action Plan.
Consolidated Plan (Con Plan)	The Con Plan consists of a needs assessment, a market analysis, and a strategic plan, in which PJs lay out priority needs and goals over the planning period. CPD formula block grant recipients are required to submit a Con Plan every three to five years.
Consortia	A group of geographically contiguous units of general local government may choose to form a consortium, particularly when one or more members are not eligible to receive a formula allocation, or their formula allocation would not meet the minimum participation threshold. A consortium is treated as a single unit of local government for the purposes of HOME.
Cost Allocation	Cost allocation is required in any HOME rental or homebuyer project where fewer than 100% of the units are HOME-assisted; and/or in which less than 100% of the space is residential. PJs are required to charge the actual costs of the HOME units, which will require allocating costs, and identify the number and characteristics of units to be designated as HOME.
Cost Burdened Families	Those who pay more than 30 percent of their income for housing and may have difficulty affording necessities such as food, clothing, transportation, and medical care.
Conversion	Conversion involves changing the use of the property, such as rehabilitation of an institutional or commercial property for residential use.
DCD	Department of Conservation and Development

Davis Bacon	Davis Bacon and Related Acts
DDA	Disposition and Development Agreements
Drawdowns	Drawdowns are how the PJ disburses HOME funds in IDIS. After incurring a HOME eligible expense, PJs create a drawdown voucher in IDIS to disburse funds from a particular HOME grant. Drawdowns may only be made for an activity in IDIS after the activity has been funded.
EEO	Equal Employment Opportunity
Fair Market Rents (FMR)	Fair Market Rents (FMRs) are the 40th percentile of gross rents for typical, non-substandard occupied units in the local rental market. These rents are issued by HUD, for Office of Management and Budget (OMB) defined metropolitan areas, some HUD defined subdivisions of OMB metropolitan areas, and each nonmetropolitan county. They are used to determine eligibility and establish a payment standard for certain HUD programs, including the Housing Choice Voucher program.
FHEO	Fair Housing and Equal Opportunity
Fixed Unit	A unit whose designation as HOME-assisted never changes during the period of affordability.
Floating Unit	A unit that is designated as HOME-assisted at the project outset, but whose designation might change during the period of affordability.
General Information Notice (GIN)	As soon as feasible, the general information notice is required to be provided to a person that may be displaced by a project. A general information notice informs the person they may be displaced and not to move. It describes the assistance they may get in general terms, and states that they will receive a 90-day notice before they need to move. Requirements for specific information that must be included in the general information notice are found at 49 CFR 24.203.
Group Home	Housing occupied by two or more single persons or families that consists of common space and/or facilities for group use by the occupants of the unit and separate private space for each family (except in the case of shared one-bedroom units).
HOME Project	A HOME project consists of one or more buildings on a single site or multiple sites that are under common ownership, management, and financing and will be assisted with HOME funds as a single undertaking.
HOPWA	Housing Opportunities for Persons with AIDS
HUD	Housing and Urban Development
Income Targeting	Income targeting refers to limits on occupancy to households that meet specified income limits. For example, if a PJ wants its rental housing programs to serve very low-income tenants, it might impose income targeting so that HOME-assisted units must be occupied by households with incomes that are at or below 50% of area median income (AMI).

Integrated Disbursement and Information System (IDIS)	The Integrated Disbursement and Information System (IDIS) is a nationwide fund disbursement system and database that provides HUD with current information regarding CPD's five formula grant and one competitive grant program activities. These grants include HOME; Housing Trust Fund (HTF); Community Development Block Grant (CDBG); Emergency Solutions Grants Program (ESG); and the Housing Opportunities for People with AIDS, (HOPWA), and HOPWA Competitive.
IDIS Activity	An IDIS activity is a HOME project. In IDIS, each HOME project is called an "activity." IDIS captures data at four key stages of a HOME activity: 1) Activity set-up; 2) Activity funding; 3) Disbursements of HOME funds requested via IDIS, as needed; and 4) Activity completion information.
IDIS Project	IDIS projects generally correspond to the PJ's Consolidated Plan/Annual Action Plan projects. Information about each project, such as name, description, and estimated budget, is either entered into the system through the Action Plan or input directly into the system by PJs. Each IDIS project is set up under a specific plan year. Projects also serve as the chief mechanism for organizing and tracking related IDIS activities and correlate those activities with the goals and outcome indicators that the PJ enters in the specific year's Action Plan.
LAP	Language Assistance Plan
LBP	Lead-Based Paint
LEP	Limited English Proficiency
LIHTC	Low-Income Housing Tax Credits
Liquidity	In accounting, the term liquidity is defined as the ability of an entity to meet its financial obligations as they come due. The liquidity ratio, then, is a computation that is used to measure a company's ability to pay its short-term debts.
LLC	Limited Liability Company
Loan Guarantees	Loan guarantees are an eligible, but extremely uncommon, use of HOME funds. A loan guarantee is used as a credit enhancement when a borrower who is otherwise eligible for a private loan is denied because of a real or perceived risk factor.
LP	Limited Partnership
LSHR	Lead Safe Housing Rule
Match	The Participating Jurisdiction's (PJ) permanent contribution to the HOME Program – the local, non-Federal contribution to the partnership. The PJ's match contribution must equal not less than 25% of the HOME funds drawn down for projects in that fiscal year.
MSA	Metropolitan Statistical Area
Monitoring Plan	An annual plan that documents how the PJ will monitor their HOME-funded partners and outlines how the PJ will allocate its resources to ensure that each funded entity receives an appropriate level of monitoring, given its risks.

MBE/WBE	Minority and Women Business Enterprise. A Women Business Enterprise (WBE) is a business that is at least 51% owned and controlled by one or more women who are citizens of the United States. A Minority Business Enterprise (MBE) is a business that is at least 51% owned and controlled by one or more persons who are Alaskan Native or American Indian, Asian or Pacific Islander, Black (non-Hispanic), or Hispanic, and are citizens of the United States.
NEPA	National Environmental Policy Act
New Construction	The creation of new dwelling units. Any project which includes the creation of new or additional dwelling units in an existing structure is considered new construction.
NFIP	National Flood Insurance Program
NOFA	Notice of Funding Availability
Office of Community Planning and Development (CPD)	The Office of Community Planning and Development (CPD) of HUD seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons.
Office of Management and Budget (OMB)	The business division of the Executive Office of the President of the United States that administers the United States Federal budget and oversees the performance of Federal agencies.
Operating Pro Forma	A projected income and expense statement submitted by the developer as part of the project proposal. The PJ must review the operating pro forma to determine whether the project income will be able to support its financial needs for at least the period of affordability.
Participating Jurisdiction (PJ)	The term given to any state, local government, or consortium that is designated by HUD to administer a HOME Program. HUD designation as a Participating Jurisdiction (PJ) occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program, and has a HUD-approved Consolidated Plan.
Payment Standard	The payment standard represents the rent plus utility cost of moderately priced standard units, by bedroom size, in the jurisdiction. HOME requires that the PJ establish a payment standard for its tenant-based rental assistance (TBRA) program.
Period of Affordability	The length of time during which affordability restrictions apply, and the unit must be the principal residence of a low-income household.
Program Income (PI)	Under HOME, program income is the gross income received by the participating jurisdiction, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions.
PMSA	Primary Metropolitan Statistical Area
Projects	Projects are the chief mechanism for organizing and tracking related activities in IDIS. Projects correlate those activities with the Goals and Outcome Indicators that the Grantee enters in the specific year's Action Plan.

Project Reserve Accounts	Project reserve accounts are created to fund a potential shortfall of operating or maintenance expenses throughout the affordability period. These reserve accounts are not an eligible project cost but are typically funded with annual payment from net operating income.
PHA	Public Housing Authority
Responsible Entity (RE)	A responsible entity is a unit of general local, state, or Tribal government that has legal authority to assume responsibility for the environmental review under 24 CFR Part 58 because they exercise control over planning, permitting, and supplying infrastructure to support HUD-assisted projects for their jurisdictions. For the HOME Program, the responsible entity is the PJ - the state, unit of local government or consortium that receives a formula allocation of HOME funds directly from HUD.
Recaptured Funds (HP)	Any amount of funds that are recaptured by the PJ as a result of a homebuyer property (with a recapture provision) that is sold or transferred during the affordability period.
Recapture Provision	A recapture provision is a mechanism for the PJ to recapture all or a portion of direct HOME assistance to the buyer if the HOME recipient decides to sell the house within the period of affordability.
Reconstruction (also rehabilitation)	The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The HOME Rule permits reconstruction of housing that is no longer standing on the site if it was destroyed in a disaster, provided that HOME funds are committed within 12 months of the date of destruction; however, this is the only exception. The number of housing units on the lot may not be changed as part of the reconstruction project, but the number of rooms per unit may change. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation when replacing a substandard housing unit with the same type of housing unit.
Regulatory Agreement	The written agreement between the County and the sponsor that will be recorded as a lien on the rental housing development to control the use and maintenance of the project, including restricting the rent and occupancy of the assisted units.
Rehabilitation	Correction of deficiencies in or improvement of existing housing to bring the unit to the required standards in the PJ's written rehabilitation standards.
Resale Provision	A resale provision requires that the unit must be sold at an affordable price to a subsequent buyer that is low-income.
Residual Receipts	For each calendar year, the amount by which a project’s gross revenue exceeds the annual operating expenses.
SFHA	Special Flood Hazard Area

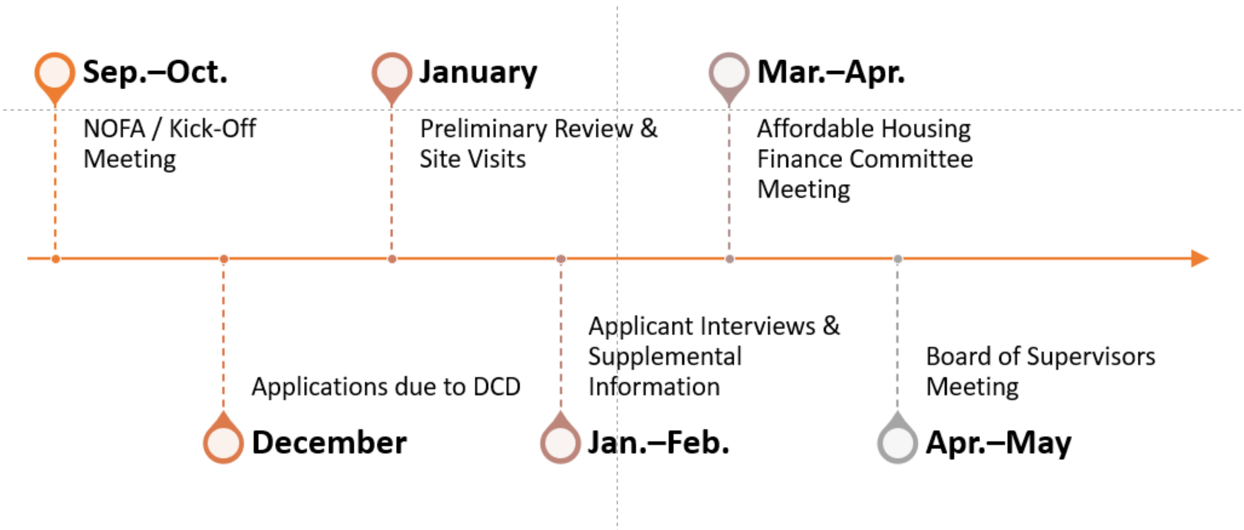
Single Room Occupancy (SRO)	Housing consisting of single room dwelling units that is the primary residence of its occupant or occupants. The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.
Sources and Uses Statement	This is a statement that must be submitted by the developer, which lists all anticipated sources of funding (public and private) and anticipated development costs for a project.
Subsidy Layering	Subsidy layering is a statutory requirement to assure that Federal resources are neither duplicative nor wasteful when applied to affordable rental housing.
Substantial Rehabilitation	For the purposes of implementing Section 504 (accessibility), substantial rehabilitation is defined as a rehabilitation of a project with 15 or more units when the rehabilitation costs exceed 75% of the after-rehabilitation value of the building. For purposes of implementing HUD's broadband requirement, substantial rehabilitation is defined as either (1) work that involves significant work on the electrical system of the multifamily rental housing, such as complete replacement of the electrical system or work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire electrical system; or (2) Rehabilitation where the estimated cost of rehabilitation is equal to or exceeds 75% of the after-rehabilitation value of the property. Note, for both definitions, in projects with multiple buildings and more than 4 units, the replacement cost (of the electrical system or the property, building(s) undergoing rehabilitation.
Supportive Services	Services that are necessary to enable an individual to participate in various activities. These may include, but are not limited to, links to community services, assistance with transportation, assistance with childcare and dependent care, housing assistance, needs-related payments, educational testing, reasonable accommodations for individuals with disabilities, legal aid services, health care referrals, assistance with books, school supplies, and payments and fees for employment and training-related applications, tests, and certifications.
Transitional Housing	Housing with the express purpose of moving residents to independent living within a certain time period; transitional housing typically includes supportive services. Transitional housing is commonly used for housing for deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children.
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended

Urban County	The Urban County consists of all of Contra Costa with the exception of the cities of Antioch, Concord, Pittsburg, and Walnut Creek. These cities are separate entitlement jurisdictions under the CDBG program.
VAWA	Violence Against Women Act

APPENDICES

Appendix A	Typical NOFA Schedule
Appendix B	Self-Score Worksheet
Appendix C	Rent and Income Limits
Appendix D	Developer Standards
Appendix E	Market Study Requirements
Appendix F	Conditions Precedent to Disbursement of Loan Funds
Appendix G	First-Time Homebuyer's Program
Appendix H	CHDO Qualification Requirements
Appendix I	Section 3 Plan
Appendix J	Lead-Based Paint

APPENDIX A – TYPICAL NOFA SCHEDULE



APPENDIX B – SELF-SCORE WORKSHEET AND RATING CRITERIA SAMPLE

Applications submitted during the annual NOFA schedule shall be evaluated using the following criteria. Total available points shall equal 200 points for a rental project and 175 points for a homeownership project. Score worksheet and rating criteria are updated annually and are subject to change.

Criterion	Reference to Section in Guidelines	Maximum Points	
		Rental	Ownership
Project Readiness – 60 points maximum			
Funding Commitments	Page 14	20	20
Project Implementation Schedule	Page 14	10	10
Land Use/Entitlements and/or Other Local Support	Page 14	10	10
Environmental Review Clearance/Approval	Page 23	10	10
Site Control	Page 13	10	10
Financial and Cost Analysis – 50 points maximum			
Reasonable Development Costs	Page 18	10	10
Feasible Construction & Operating Budget	Page 15-17	20	20
Leveraging/Match Funding	Page 23	20	20
Developer Experience and Capacity – 40 points maximum			
Strength of Development Team	Page 14, Appendix D	15	15
Strength of Property Management	Page 28 Appendix D	10	N/A
Successful Completion of Previous Projects	Page 28 Appendix D	15	15
Project Targeting and Characteristics – 40 points maximum			
Exceeds Minimum Accessibility Requirements	Page 25	5	5
Energy Efficiency/Green Building	Page 29	5	5
Extremely-Low Income Units	Page 14	15	N/A
Long-Term Affordability	Page 12	15	15
Consistency with Local and Regional Plans	Page 13	10	10
Penalty for Nonperforming Previously Funded Projects		-10	-10
TOTAL POSSIBLE POINTS		**200**	**175**

APPENDIX C – RENT AND INCOME LIMITS

DCD PROGRAMS (CDBG, HOME, and HOPWA[5])

Effective June 1, 2021

Persons per Household	Percent of Area Median Income 20%	30%	40%	50%	60%	80%	Median Income
1	$ 19,180	$28,800	$ 38,360	$ 47,950	$ 57,540	$ 76,750	$ 95,900
2	21,920	32,900	43,840	54,800	65,760	87,700	109,600
3	24,660	37,000	49,320	61,650	73,980	98,650	123,300
4	27,400	41,100	54,800	68,500	82,200	109,600	137,000
5	29,600	44,400	59,200	74,000	88,800	118,400	148,000
6	31,800	47,700	63,600	79,500	95,400	127,150	159,000
7	33,980	51,000	67,960	84,950	101,940	135,950	169,900
8	36,180	54,300	72,360	90,450	108,540	144,700	180,900

Extremely low-income households are defined as households earning 30 percent or less of area median income (AMI); very-low income households earn 50 percent or less of AMI; low-income households earn 80 percent or less of AMI; and median income households earn 100 percent of AMI.

Source: U.S. Department of Housing and Urban Development.

CONTRA COSTA COUNTY
HOME INVESTMENT PARTNERSHIPS ACT PROGRAM
2021 RENT MAXIMUMS

Effective date - June 1, 2021

INCOME CATEGORY (a)	Rent Maximum for Unit by bedroom size* 0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR +
30% RENT LIMIT (b)	$ 719	$ 770	$ 925	$ 1,069	$ 1,192	$ 1,315	$ 1,438
50% RENT LIMIT (c)	1,198	1,284	1,541	1,781	1,987	2,192	2,397
60% RENT LIMIT (b)	1,438	1,541	1,849	2,137	2,384	2,630	2,876
65% RENT LIMIT (c)	1,539	1,650	1,982	2,282	2,525	2,768	3,011
FAIR MARKET RENT	1,595	1,934	2,383	3,196	3,863	4,442	5,022

Deduct utility allowance to determine tenant rent

(a) 30% rents are maximum rents for households with incomes at/below 30% Area Median Income (AMI),
50% rents "Low HOME Rents" are maximum rents for HHs with incomes at/below 50% AMI,
60% rents are maximum rents for HHs at/below 60% AMI, and
65% rents "High HOME Rents" are maximum rents for HHs at/below 80% AMI.
(b) Source: Contra Costa County Department of Conservation and Development based on HUD 50% rent limits.
(c) Source: U.S. Department of Housing and Urban Development.

NOTE: HOME rent maximums are defined as rents affordable to households at the specified income limits or the Fair Market Rent (FMR) for the area, whichever is less.

5 Income and Rent Limits for the PLHA and Inclusionary In-Lieu Fees will be determined at a later date.

APPENDIX D – DEVELOPER STANDARDS

Developers who meet the criteria defined below are qualified to apply for funding directly, with no requirements for additional joint venture partners or assistance.

Applicants who do not meet the developer standards must have additional assistance (e.g., a qualified development partner approved by DCD or by hiring qualified staff) to manage the project. Without an approved form of agreement between the applicant and an approved development partner, County contracts will not be entered into, and funds will not be released.

An applicant must demonstrate experience and capacity to complete the project. Experience includes the successful development and completion of three projects of a similar size and scope by the developer. The developer must have its own paid staff who are assigned to the project, who have worked on similar projects, and whose résumés demonstrate their ability to guide the project through all stages of the development process.

The following information is required as part of the application:

- list of current staff assigned to the project including their résumés and job descriptions;
- list of current board members, with affiliation; and
- most recent audited financial statements.

DEVELOPMENT TEAM

In addition to the qualifications of the developer and its staff, all members of the development team must demonstrate their experience and capacity to complete the project. Those criteria are listed below.

Architect
The architect or architectural firm must have experience developing three projects that are similar to the proposed project. This experience must be demonstrated by providing:

- names and addresses of projects of comparable size and with similar financing structures and types of construction;
- resumes of staff involved in the proposed project including the lead staff person for this project and his/her experience with similar projects; and
- references, including at least three from owners of the similar projects described above.

Attorney
Attorneys must have experience working on at least three projects that are similar to the proposed project. Key staff at each law firm should have experience with housing development. If the developer is using different law firms for different aspects of the development, please provide the following information for each firm:

- experience with real estate law;
- experience with nonprofit corporate law;
- experience with low-income housing tax credit syndication, if applicable;
- resumes of firm and key staff members; and

- three or more references.

Contractor

If selected at or before the time of application for funding, the general contractor must have experience with at least three projects that are similar to the proposed project. The contractor must provide the following information:

- experience with similar construction type;
- experience with Davis-Bacon and prevailing wage projects, (if applicable);
- financial capacity and bonding capacity equal to 100% of the construction amount;
- résumés of firm and key staff, including the site supervisor;
- three or more references; and
- documentation of liability and worker's compensation insurance.

The Contractor must have all applicable licenses in good standing and must not be on the federal or state Debarred and Suspended Contractors List.

Property Manager

The selection of a property manager is not required at the time of application submission. The following information is required prior to execution of legal documents and is the same for independent or affiliated management companies:

- experience managing at least five projects of similar size, income mix, unit mix, population mix, and service enrichment, if applicable;
- experience in complying with federal income and rent requirements;
- a list of all properties currently managed by the property management company, demonstrating that they can, and are willing to, take on an additional property;
- résumés of key management staff;
- a minimum of three references;
- a standard lease agreement, noting any anticipated changes to the document;
- a management plan, either the actual plan for this property, or a sample of a similar plan;
- specification as to whether the property manager will live on or off-site; and
- a copy of anticipated House Rules, if available.

APPENDIX E – MARKET STUDY REQUIREMENTS

Overview

A market analysis must be submitted at the time a developer applies for housing development funds. The purpose of the market study is to ensure that there is sufficient demand for the housing and the federal housing funds requested. The market study should have definite conclusions, and those conclusions must be based on evidence in the market study.

Under the HOME Program, an assessment of neighborhood and market conditions is required prior to entering into a legally binding agreement for a rental or homebuyer project, including acquisition, rehabilitation, new construction, and down payment assistance.

The market assessments must include the date completed, and the person and organization conducting the market assessment, including their qualifications. The market assessment can be conducted by the developer, partner, consultant, or other funder such as the State. This option can be part of project delivery costs or pre-development costs if the project is a CHDO project.

To complete the market study, applicants may use HUD's Consolidated Planning Suite (https://egis.hud.gov/cpdmaps/), an online data and mapping tool. This system can assist with the completion of a housing assessment, including place-based planning; data on housing and economic conditions; housing stock, facilities, and other assets by census tract, county or state; can review location of other affordable housing; demographic data; and grantee funding information. Other data sources that can be used for conducting the market assessment include HUD Consolidated Plan data sets, American Community Survey, private data sources, and web resources.

Below are the following components that must be included in the market study.

Market Context

- Description of the project area/neighborhood (include maps street level);
- Description of the City or community in which the project is located (include maps of the neighborhood within city);
- Description of the project in the context of County-wide information; and
- Maps of development site, community area, primary market area, market area with comparable properties

Housing Supply

- Description of the current supply of housing units and their type for the neighborhood and the city (compare to the county);
- *For-sale housing* – Description of the sales volume, price and length of time on market; excess for-sale units on the market; sales prices rising, stable or declining (chart);
- *Rental housing* – Discussion of market in terms of multi-family housing supply and demand; additional housing needed; the market overbuilt; competing properties (provide a list of competing properties and their rents) both market rate and other affordable units.

Vacancy Rates – analysis of vacancy, stable or declining (chart) for the specific type of housing proposed (rental vs. ownership);

Demographic Trends – Explanation of the demographics of the neighborhood, the population, ethnic and income level of the community immediately surrounding the project and compare against the city or jurisdiction as a whole, including household trends occurring and the market growth, contraction, or stability.

Housing Demand-including demand for both affordable and market rate units. If proposed project serves a special needs population (HOPWA), the demand for the population and how the project will meet the demand must be addressed.

Absorption rates- What is the current market saturation level for the specific type of project being proposed with the funding requested? What will the impact be on the market and neighborhood to develop this housing project? For homebuyer units, will you be able to sell the planned units within six-months? What is the current rate a similar property remains on the market? Document whether the project will be able to lease-up the planned rental units. Does it fit within the timeframe specified in the project pro-forma?

Conclusion- Describe the need for this particular type of housing units. Document gaps, potential growth area.

Example of Market Absorption/Penetration for Rental Project
Very Low-Income Tax Credit Units
Overall Market Penetration Rate for 77 Rental Units

<u>Market Area</u>

Total Number of households (2010)	21,494
Number of rental households	16,034
Percentage of total (estimated)	75.0%
Number of households with income of	
$32,750 - $54,250	9,112
Estimated number of rental households	
In income group (75%)	6,843
Market penetration by 77 units	1%

Example of Market Penetration for Sale Programs
Home-Ownership Units
Overall Market Absorption/Penetration Rate for 50 Units

<u>Market Area</u>

Total Number of households (2010)	21,494
Income needed to purchase in this community	
Number of households with income of	
$39,300 - $65,100	2,026
Market penetration by 50 units	2.5%

Estimated % of income-eligible households

Consumer debt problems	60%
Number of income-eligible households Who can qualify for financing	810
Market penetration by 50 units	6.2%

APPENDIX F– CONDITIONS PRECEDENT TO DISBURSEMENT OF LOAN FUNDS

The excerpt below is from a sample set of loan documents, detailing requirements that the project must meet, either before funding, or before retention will be released:

The County is not obligated to disburse any portion of Loan Funds unless all of the following conditions have been and continue to be satisfied:

There exists no event of default nor any act, failure, omission, or condition that would constitute an event of default under this agreement.

- Borrower holds title to the property or is acquiring title to the property simultaneously with the disbursement of the loan proceeds;
- Borrower has delivered to the County a copy of a corporate resolution authorizing Borrower to obtain the Loan and all other Approved Financing, and to execute the Loan Documents;
- There exists no material adverse change in the financial condition of Borrower from that shown by the financial statements and other data and information furnished by Borrower to the County prior to the date of this Agreement;
- Borrower has furnished the County with evidence of the insurance coverage meeting the County requirements;
- Borrower has executed and delivered to the County the Loan Documents and has caused all other documents, instruments, and policies required under the Loan Documents to be delivered to the County;
- The Deed of Trust, the Regulatory Agreement, and the Intercreditor Agreement have been recorded against the Property in the Office of the Recorder of the County of Contra Costa;
- A title insurer reasonably acceptable to the County is unconditionally and irrevocably committed to issuing an LP-10 2006 ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be reasonably acceptable to the County, and containing such endorsements as the County may reasonably require. The Borrower shall provide whatever documentation (including an indemnification agreement), deposits, or surety is reasonably required by the title company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any start of construction that has occurred prior to the recordation of the Deed of Trust against the Property in the Office of the Recorder of the County of Contra Costa;
- All environmental review necessary for the construction of the Development has been completed, and Borrower has provided the County evidence of planned compliance with all NEPA and CEQA requirements and mitigation measures applicable to construction, and evidence of compliance with all NEPA and CEQA requirements and mitigation measures applicable to preconstruction;
- The County has determined the undisbursed proceeds of the Loan, together with other funds or firm commitments for funds that Borrower has obtained in connection with the construction of the Development, are not less than the amount the County determines is

necessary to pay for the construction of the Development and to satisfy all of the covenants contained in this Agreement and the Regulatory Agreement;

- Borrower has obtained all permits and approvals necessary for the construction of the Development;
- The County has received and approved the Bid Package for the subcontractors for the construction of the Development pursuant to the loan agreement;
- The County has received and approved the general contractor's construction contract that the Borrower has entered or proposed to enter for the construction of the Development pursuant to the loan agreement;
- The County has received and approved labor and material (payment) bonds and performance bonds as required pursuant to the loan agreement;
- Borrower has closed all loans and equity that are part of the approved financing described in the loan agreement and has already received or is eligible to receive the funds;
- The County has received fully executed copies of loan documents for the other lenders or investors;
- The County has received reasonable evidence that the local match requirements have been satisfied pursuant to the loan agreement; and
- The County has received a written draw request from Borrower, including backup documentation as detailed in the loan agreement.

Conditions Precedent to Disbursement of Retention.

The County is not obligated to disburse the loan retention unless the following conditions precedent are satisfied:

- The County has received a completion report from Borrower setting forth: (i) the income, household size, race, and ethnicity of Tenants of the County-Assisted Units; (ii) the unit address, unit size, rent amount, and utility allowance for all County-Assisted Units; To meet a CDBG-required National Objective, the completion report will be required for all units in the project. In order to meet the Low Mod Housing national objective, at least fifty-one percent of the units will be required to be occupied by low-income households. To demonstrate the fifty-one percent affordability requirement, the County is responsible for reporting completion report information for all units;
- The County has received a Final Cost Certification for the Development from Borrower showing all uses and sources;
- The County has received from Borrower copies of the certificate of occupancy or equivalent final permit signoffs for the Development;
- The County has received from Borrower current evidence of the insurance coverage meeting the requirements of Section 4.16 below;
- The County has received from Borrower a form of Tenant lease;
- The County has received from Borrower a Marketing Plan, Tenant Selection Plan, Technology Plan, and Social Services Plan;

- The County has received from Borrower evidence of marketing for any vacant County-Assisted Unit in the Development such as copies of flyers, list of media ads, and a list of agencies and organizations receiving information on availability of such units, as applicable;
- The County has received from Borrower all relevant contract activity information, including compliance with Section 3 and MBE/WBE requirements;
- If Borrower was required to comply with relocation requirements, the County has received from Borrower evidence of compliance with all applicable relocation requirements;
- The County has received from Borrower a copy of the management agreement and contact information for the property manager of the Development and the name and phone number of the on-site property manager;
- If Borrower is required to pay prevailing wages under the Davis-Bacon Act (40 U.S.C. 3141-3148), the County has received confirmation that Borrower has submitted all certified payrolls to the County, and any identified payment issues have been resolved, or Borrower is working diligently to resolve any such issues;
- The County has received from Borrower evidence of compliance with all NEPA mitigation requirements as set forth in the loan agreement; and
- The County has received a written draw request from Borrower, including all required document as set forth in the loan agreement.

APPENDIX G – FIRST-TIME HOMEBUYER'S PROGRAM REQUIREMENTS

The Contra Costa HOME Consortium does not provide HOME funds in any form not identified in Section 92.205. HOME funds are typically provided as low interest deferred residual receipt loans (multi-family housing), deferred shared appreciation loans (single-family housing), and small grants (specific project related program delivery). The HOME Consortium uses recapture provisions to ensure that all or a portion of the HOME funds are repaid to the Consortium when the home is sold, transferred, or otherwise not occupied by an eligible owner.

Recapture Provisions

The amount repaid to the HOME program is the original principal of the HOME loan plus a share of the appreciation. The appreciation is the difference between the original purchase price of the home and the current sales price. The current sales price will either be the fair market value, or if the home is subject to a resale restriction, the restricted sales price. The appreciation amount does not include any permanent fixed improvements but may be adjusted downward by the value of deferred maintenance, not including expected wear and tear. The HOME program share of the appreciation is equal to the share of the HOME loan of the original purchase price. For example, if the purchase price was $400,000, the HOME loan was $20,000 (five percent of the purchase price), and the future sales price is $500,000 then the amount repaid (not considering the adjustments for improvements or deferred maintenance) will be $20,000 plus five percent of the $100,000 appreciation ($5,000) for a total repayment of $25,000.

If the home has decreased in value because of market conditions, the HOME Consortium will share in the depreciation of the home. The amount of depreciation of the HOME loan is the percentage of the HOME loan to the original purchase price of the home. Using the same assumptions as in the preceding paragraph, if the future sales price of the home is $350,000, the amount due would be $20,000 minus five percent of the depreciation ($2,500) for a total repayment of $17,500.

If the depreciation of the home is so significant that the outstanding debt on the home exceeds the value of the home, the Consortium will negotiate with the other lenders to accept a lower repayment. This will enable for all debt to be paid through the proceeds of the home sale. The Home Consortium does not allow subsequent buyers to assume an existing loan, but may make the repaid funds available to a subsequent buyer as a new loan.

Resale Restrictions

The HOME Consortium does not use resale restrictions. However, there may be HOME loans provided to buyers who also have resale restrictions. The resale restrictions may be required by a developer such as Habitat for Humanity, or may be required by another program such as Inclusionary Housing or Density Bonus. In those cases, the HOME loan will meet the recapture provisions described above. The HOME loan will be repaid, and may be available to the next purchaser of the home. The appreciation amount will be based on the maximum resale value as determined by the resale restriction if that value is below the fair market value. For example, if the original purchase price was $400,000, the market value is $500,000 and the resale restricted price is $450,000, the HOME appreciation share will be calculated on $450,000.

The resale restrictions will provide for a fair return on investment by calculating the future price based on the change of area median income. This factor is used to ensure the future price will still be affordable to the original target purchaser (typically low income). This price will be adjusted based on the value of the capital improvements and deferred maintenance.

APPENDIX H – CHDO QUALIFICATION REQUIREMENTS

The following CHDO requirements are consistent with the HOME final rule published July 24, 2013, in the Federal Register. All CHDOs certified in the past must recertify with each application and prior to executive on loan documents with the requirements listed below. The information below refers to the definition of Community Housing Development Organizations (CHDOs) in Subpart A, 92.2 of the HOME Rule. Submit documentation for each of these requirements with an application for funding.

- Must be a nonprofit organization under State or local laws as evidenced by a Charter, or Articles of Incorporation.
- If chartered by a State or local government, the State or local government may not appoint: (1) more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials. Officers and employees of the governmental entity may serve as Board members of a CHDO (subject to the one-third appointment limitation), but they cannot serve as officers or employees of the CHDO.
- If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members. Officers and employees of the for-profit entity may serve as Board members of a CHDO (subject to the one-third appointment limitation), but they cannot serve as officers or employees of the CHDO.
- Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 or be a subordinate of a central organization under IRC 905, be a wholly-owned entity that is regarded as a separate entity for tax purposes.
- Has among its purposes the provision of decent housing that is affordable to low and moderate-income people.
- Conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems".
- Has a demonstrated capacity for carrying out activities assisted with HOME funds.
- Has paid employees (not contractors) with housing experience appropriate to the role the nonprofit expects to have in projects (i.e., owner, developer, or sponsor).
- Has a history of serving the community where housing to be assisted with HOME funds will be used.
- The CHDO or its parent organization must be able to show one year of serving the community from the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as developing new housing, rehabilitating existing stock, and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities.

The statement must be signed by the president of the organization or by a HUD-approved representative.

- Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. (The term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area.)
- Provides a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, site, development, and management of all HOME-assisted affordable housing projects.
- Not under control or receiving direction from individuals or entities seeking profit from the organization.
- If sponsored or created by a for-profit entity, the for-profit entity's primary purpose may not include the development or management of housing and the CHDO must be free to contract for goods and services from vendor(s) of its own choosing.

APPENDIX I – SECTION 3 PLAN

Section 3 is a provision of the Housing and Urban Development Act of 1968. It is intended to ensure employment and contracting opportunities for low and very low-income persons or businesses residing within the community where a HUD-funded project is located. Section 3 is specific to HUD funded projects and activities involving housing construction, rehabilitation (including reduction and abatement of lead-based paint hazards), demolition, or other public construction.

Contra Costa County is a recipient of HUD funding through its HOME Investment Partnership Assistance (HOME), Community Development Block Grant (CDBG), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Solutions Grants (ESG), and Neighborhood Stabilization Program (NSP) Programs. Therefore, the County's allocation of the above program funds over $200,000 per project triggers Section 3 requirements.

The complete Section 3 plan is available by request and will be provided to project applicants at a post award technical assistance meeting.

Guidelines for Lead-based Paint Management Plans for Rehabilitation Programs (pursuant to 24 CFR 35 subpart J)

Background

The U.S. Department of Housing and Urban Development (HUD) has a regulation to protect young children from lead-based paint hazards[6] in housing that is financially assisted by the federal government or is being sold by the federal government. The regulation "Requirements for Notification, Evaluation, and Reduction of Lead-based Paint Hazards in Federal Owned Residential Property and Housing Receiving Federal Assistance," was published on September 15, 1999, and went into effect September 15, 2000. This regulation puts all of HUD's lead-based paint (LBP) regulations in one part of the Code of Federal Regulations—24 CFR Part 35.

Housing built before 1978 that is assisted with federal funds is covered under this regulation with a few exceptions[7].

Requirements

The requirements for LBP management vary with the amount of federal subsidy provided to the project. Following is an outline of the requirements for three levels of subsidy defined in the regulations.

For properties receiving $5,000 or less in federal funds per unit:

- Provision of lead hazard information pamphlet to occupants;
- Paint testing of surfaces to be disturbed (or presume LBP is present);
- Safe work practices in rehabilitation;
- Repair disturbed paint; and
- Notice to occupants;
- Clearance examination.

For properties receiving between $5,000 and $25,000 in federal funds per unit:

- Provision of lead hazard information pamphlet to occupants;
- Paint testing of surfaces to be disturbed (or presume LBP is present);

6 Definitions of underlined terms are included in Attachment A.

7 Housing that is not covered by this regulation includes housing exclusively for the elderly or disabled, unless a child under six is expected to reside there; zero-bedroom dwellings; property where lead has been removed; property that has been found to be lead free; unoccupied housing that will remain vacant until it is demolished; any rehabilitation or housing improvement that does not disturb a painted surface; and specific emergency repairs.

"Housing exclusively for the elderly or disabled" is housing with a lease or other residency agreement stating that the housing is restricted to these populations. Residences that are owned and/or occupied by the elderly or disabled, but not legally restricted to them, are not included in this definition.

- Risk assessment;
- Interim controls;
- Notice to occupants; and
- Clearance examination.

For properties receiving more than $25,000 in federal funds per unit:
- Provision of lead hazard information pamphlet to occupants;
- Paint testing of surfaces to be disturbed (or presume LBP is present);
- Risk assessment;
- Abatement of LBP hazards;
- Notice to occupants;
- Ongoing LBP maintenance; and
- Clearance examination.

Calculation of subsidy

The per unit cost of rehabilitation subsidy includes only the hard costs of rehabilitation, excluding LBP hazard evaluation and reduction activities. Soft costs, construction contingencies, and change orders are not included in the calculation. Following is a sample calculation for a multi-family project where the per unit rehabilitation $ = (a/c) + (b/d):

a = federal rehabilitation assistance for all *assisted* units
b = federal rehabilitation assistance for common areas and exterior painted surfaces
c = number of federally assisted units
d = total number of units

The total rehabilitation cost = $800,000

- $200,000 for repairs to the common areas
- $150,000 for 10 federally assisted units
- $450,000 for 30 non-assisted units

a = $150,000 (cost of assisted unit rehabilitation)
b = $200,000 (cost of common area rehabilitation)
c = 10 (HOME or CDBG-assisted units)
d = 40 (total units in project)

Per unit $ = (a/c) + (b/d)
= ($150,000/10) + ($200,000/40)
= $15,000 + $5,000
= $20,000 per unit

LBP Implementation Plan

The CDBG and HOME programs require rehabilitation project sponsors to submit a LBP Implementation Plan to the Affordable Housing Program Manager prior to execution of loan documents. This plan must incorporate the following information:

- The development team staff position responsible for carrying out the plan and ensuring the requirements of 24 CFR 35 are being met by your project.

- A copy of the lead hazard information pamphlet to be provided to property owners and/or tenants.
- Procedures for conducting LBP risk assessments, including whether this will be conducted by in-house or contract staff.
- Procedures for determining a scope of work in the case LBP work is required.
- Procedures for ensuring the contractor is certified or is hiring a certified sub-contractor to perform the LBP work.
- Procedures for obtaining a clearance examination report after any LBP work has been performed.

Record Keeping

For any project for which you enter into a loan or contract after September 15, 2000, you must maintain, at a minimum, the following information in your project files:

- Information supporting determination of applicable requirement. (e.g. age of building, cost of rehabilitation, determination [or presumption] of LBP)
- Copies of the LBP test (e.g. risk assessor's report)
- Documentation that qualified workers performed LBP work
- Cost of LBP related work
- Clearance examination report

Attachment A-Definitions

(The following terms are defined in 24 CFR Part 35.110 unless otherwise noted)

Abatement means any set of measures designed to permanently (expected design life of at least 20 years) eliminate lead-based paint or lead-based paint hazards. Abatement includes the following:

1. The removal of lead-based paint and dust-lead hazards, the permanent enclosure or encapsulation of lead-based paint, and the removal or permanent covering of soil-lead hazards.
2. All preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures.

Certified means licensed or certified to perform such activities as risk assessment, lead-based paint inspection, or abatement supervision by a State of California certification program.

Clearance examination means an activity conducted following lead-based paint hazard reduction activities to determine that the hazard reduction activities are complete and that no soil-lead hazards or settled dust-lead hazards pursuant to 24 CFR 35 exist in the dwelling unit or work site. The clearance process includes a visual assessment and collection and analysis of environmental samples.

Deteriorated paint means any interior or exterior paint or other coating that is peeling, chipping, chalking, or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate.

Interim controls mean~~s~~ a set of measures designed to reduce temporarily human exposure or likely exposure to lead-based paint hazards. Interim controls include, but are not limited to, repairs, painting, temporary containment, specialized cleaning, clearance, ongoing lead-based paint maintenance activities, and the establishment and operation of management and resident education programs.

Lead-based paint means paint or other surface coatings that contain lead equal to or exceeding 1.0 milligram per square centimeter or 0.5 percent by weight 5,000 parts per million by weight.

Lead-based paint hazards mean~~s~~ any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.

Lead hazard information pamphlet (24 CFR 35.130) means a pamphlet developed by EPA, HUD, and the Consumer Product Safety Commission, or an EPA-approved alternative.

Notice to occupants (24 CFR 35.125) means notices of evaluation and hazard reduction activities. The notice of evaluation shall be provided to the occupants within 15 days of the evaluation report or presumption of lead-based paint. The notice of hazard reduction shall be provided to the occupants within 15 days after the hazard reduction activities have been completed. The form and content of the notices are prescribed in the regulation.

Paint testing means the process of determining, by a certified lead-based paint inspector or risk assessor, the presence or absence of lead-based paint on deteriorated paint surfaces or painted surfaces to be disturbed or replaced.

Risk assessment means the following:

1. An on-site investigation to determine the existence, nature, severity, and location of lead-based paint hazards.
2. The provision of a report by the individual or firm conducting the risk assessment explaining the results of the investigation and options for reducing lead-based paint hazards.