Before the Board of Supervisors
County of Placer, State of California

In the matter of: Revisions to the County Housing Trust Fund – Housing Program Guidelines

Resolution No.: 2021-222

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on June 22, 2021, by the following vote:

Ayes: GORE, HOLMES, JONES, GUSTAFSON, WEYGANDT

Noes: NONE

Absent: NONE

THE FOREGOING INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE
ATTEST

MEGAN WOOD
Clerk of the Board of Supervisors, County of Placer, State of California

Deputy Clerk

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, AS FOLLOWS:

WHEREAS, in 1992 the Placer County Housing Trust Fund (HTF) was established by the County of Placer to accept inclusionary housing assessments for projects eligible to pay a fee instead of developing affordable housing units; and

WHEREAS, in 2002, the Board Adopted Housing Program Guidelines outlining the allowable uses for the revenue in the Fund; and

WHEREAS, in 2012, the Board amended the Housing Program Guidelines to allow for use of funds to support the County's Handyperson Program; and

WHEREAS, the County desires to amend the Housing Program Guidelines to expand the eligible uses of funds and streamline the Housing Program Guidelines; and

WHEREAS, this action is exempt from environmental review based upon to California Environmental Quality Act Guidelines section 15061 (b) (3) (Review for Exemption), as the proposed amendment to the Housing Program Guidelines will not have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED, by the Placer County Board of Supervisors, that the Board hereby adopts the revised Placer County Housing Trust Fund – Housing Program Guidelines as shown in Exhibit 1, attached hereto and incorporated herein by reference.

BE IT FURTHER RESOLVED: This Resolution shall take force and become effective immediately.

Attachment B, Exhibit 1

Placer County

Housing Trust Fund Program Guidelines

Adopted by the County of Placer on September 24, 2002, as subsequently amended on June 19, 2012 by Resolution Number 2012-138, and on June 22, 2021 by Resolution Number ___

PLACER COUNTY
HOUSING TRUST FUND PROGRAM GUIDELINES

TABLE OF CONTENTS

PLACER COUNTY
HOUSING TRUST FUND PROGRAM GUIDELINES

I. OVERVIEW

A. Purpose

The Placer County Housing Trust Fund (HTF) was established in 1992, funded by projects eligible to pay a fee instead of providing ten percent (10%) of a residential subdivision as affordable units. In 2002, the Board of Supervisors adopted the Housing Trust Fund – Housing Program Guidelines (Housing Program Guidelines). The purpose of the Housing Program Guidelines is to provide direction on the allocations and expenditures of the HTF. HTF supports achievement of the County's General Plan (including Housing Element) goals of developing and preserving long-term below market rate housing for moderate, low-, very low-, and extremely low-income households, support employee accommodations, and to maintain and enhance the economic diversity of the County. To achieve this purpose, HTF resources shall be used to provide loans and grants to qualified developers, public entities, groups, and individuals to undertake activities which create, maintain, or expand the County's affordable and employee housing stock.

The HTF is primarily designed to pool funds to improve the existing supply of decent, safe, sanitary affordable housing, to correct health and safety hazards in deteriorated housing, to extend the useful life of affordable workforce housing units and create additional affordable and employee accommodation housing units. These funds can be loaned or granted to correct immediate health and safety issues, to achieve substantial rehabilitation, to produce new housing stock with long term affordability, for very low-**,** low- and moderate-income owner-occupied and tenant-occupied households, and to produce new employee workforce housing units with long term workforce requirements in unincorporated Placer County. Specific requirements for use of HTF's funds depend on requirements of the source of funds deposited into the HTF and as otherwise noted below.

Priority use of the HTF is for projects that: 1) help the County to meet its Regional Housing Needs Assessment (RHNA) goals as defined later in the Housing Program Guidelines; 2) are consistent with the goals and objectives of the Housing Element of the General Plan; 3) support increased employee housing opportunities, and 4) most effectively leverage the HTF's resources by having the ability to score and compete well in securing other funding resources including but not limited to nine percent (9%) Low-Income Housing Tax Credits (LIHTCs); funds from the California Department of Housing and Community Development (HCD); U.S. Department of Housing and Urban Development (HUD); and/or U.S. Department of Agriculture (USDA).

B. Source of Revenues

HTF revenues come from the following primary sources:

- Payments of fees by development projects.
- Payments of interest and principal due to the County from borrowers of previous HTF loans.
- Inclusionary fees to be paid in-lieu of construction of housing units as allowed by Ordinance Number 6050-B;

- Employee housing fees paid in-lieu of construction of employee housing units as allowed by Ordinance Number 6050-B; and
- Funds from other sources as authorized by the Placer County Board of Supervisors such as funds from the sale of the County owned land.

C. Loan Committee

1. Committee Composition

The Loan Committee shall consist of a minimum of four management level County staff members with the following position classifications:

a. 1 staff member from the Community Development Resources Agency (CDRA) with the job classification of Administrative & Fiscal Operations Manager or equivalent classification.

b. 1 staff member from CDRA with the job classification of Principal Management Analyst or equivalent classification.

c. 1 staff member from the Health and Human Services Department (HHS) with the job classification of Eligibility Supervisor, or equivalent classification.

d. 1 staff member from the Chief Executive Office (CEO) with the job Classification of Senior Management Analyst, or equivalent classification.

2. Committee Role

The Loan Committee will review each application and will make decisions on the loan amount and terms to be utilized. Confidentiality of applicant's financial records shall be always maintained, and personal financial records will not be public information.

To meet the needs of affordable housing in Placer County, the Loan Committee will review program guidelines annually and make recommendations for future changes to the Housing Program Guidelines.

3. Conflict of Interest

No person who exercises policy or decision-making responsibilities (including members of the Loan Committee and officers, employees, and agents of the Loan Committee, the administrative agent, contractors, and similar agencies) in connection with the planning and implementation of the program shall directly or indirectly be eligible for this program. Exceptions to this policy can be made only after public disclosure and formal approval by the Board of Supervisors of the County.

D. Management of the Housing Trust Fund

Housing Program Guidelines are implemented and managed by the County of Placer, Community Development Resource Agency (CDRA). County staff is responsible for working with applicants from application through pre-development and loan closing; construction and project completion; maintaining all records; monitoring the use of distributed HTFs to assure ongoing compliance with the purposes of the HTF and the conditions under which the HTFs were granted or loaned. County staff may engage a consultant for the implementation of programs funded through the HTF. All records must be retained by the County and activities undertaken by the consultant must comply with the Housing Program Guidelines.

For activities funded by the HTF with revenue derived from in-lieu fees paid resulting from Ordinance Number 6050-B requirements or from other revenues sources, a three percent (3%) administration fee component shall be used for County staff and/or consultant costs associated with the collection and administration of said funds. Eligible activities include qualifying applicants, providing education materials, inspecting the property, processing loan documents, and other activities that directly contribute to the individual loan, grant, or project.

II. ELIGIBILITY

A. Eligible Applicants

1. Qualified Applicant

HTF resources shall be used to provide loans and grants to qualified developers, public entities, groups, and individuals to undertake activities which create, maintain, or expand the County's affordable and employee housing stock.

2. Individual Applicants

Individual applicants shall utilize criteria as defined within the Housing Program Guidelines to qualify for applicable financing, loans, or other programs.

3. Eligible Entities

Investors, developers, non-profits, and other entities may be eligible for HTF funding. To be funded, applicants must have sufficient experience and/or demonstrate sufficient capacity and training in housing development and management to successfully secure financing, construct, complete, and operate the proposed project or program. All members of the development team must demonstrate the qualifications necessary to complete the project or administer the program as more specifically discussed in Section IV, A and C below.

B. Affordable Housing Income Eligibility

1. Income Limits

To be eligible for HTF assistance for developing and preserving long-term below market rate housing for moderate, low-, very low. And extremely low-income households, the cumulative gross annual income(s) for all persons occupying the residence must not exceed 120 percent for ownership and up to 80 percent for renters or in limited areas up to 120 percent of the median income for Placer County, as published annually by the State Department of Housing and Community Development (HCD), or as otherwise required by the specific funding source being used. The income limits in place at the time of loan approval will apply when determining income eligibility. All persons in residence are considered household members for purposes of income eligibility. The current HCD income limits for Placer County are listed in Section XIII.

Exceptions to this requirement may be allowed if the funding source allows for it or as approved by the County Board of Supervisors. For example, funds derived from the employee portion of the Affordable Housing and Employee Accommodation Ordnance may be used to support activities such as the Workforce Housing Preservation Program.

2. Determining Income for Owner-Occupied Property

Eligible owner-occupied households must have clear and legal title to the property and occupy the home as their principal residence. Annual income is the gross income to be received by all adults in the household during the next 12 months. Annual household income will be used to determine whether a particular household is above or below the published income limit. All adult persons 18 years or older in residence are required to provide documented proof of current income. Income will be verified by reviewing any assets, tax returns, copies of wage receipts, subsidy or assistance checks, or bank statements or by written verification from the employer/benefit provider. All documentation will be kept in the participant file and held in strict confidence. All assisted owner-occupied dwellings require a minimum 20-year regulatory agreement, unless otherwise required for a longer period due to the funding source, limiting resale and occupancy to households earning less than 120 percent of the median income.

3. Determining Income for Owner-Occupied property with Multiple Persons on Title

When a property has multiple owners listed on the grant deed, for the purpose of eligibility for any rehabilitation activity, only the income of persons living within the unit will be used to determine household income.

4. Determining Income for Rental Property

Owner-Investor rental property owners, regardless of income, may qualify for HTF loans only if existing and future tenants in assisted properties are low-income (at or below 80 percent of median income) or as designated in Section IV, E below.

The property owner must also agree to rent to eligible (low-income) households and limit rents as specified in a recorded affordability agreement.

In determining household income, all income of persons living in the unit must be added and considered as a total household income even if occupants or tenants are not related.

All owner-investors are required to provide documentation of their tenant's income. A tax return or the previous year's earnings statement will be required from all employed persons. For retired persons or persons receiving government subsidies who do not file tax returns, copies of benefit checks, benefit award letters or copies of bank statements indicating automatic deposit of benefit checks will be required. All documentation will be kept in a confidential file.

III. PROPERTY ELIGIBILITY

A. Eligible Housing Projects

Eligible property types include traditional single-family housing, multifamily housing, condominiums, and modular units being placed on permanent foundation or other housing projects that may be deemed appropriate. The structures may be detached or attached. Mixed-use developments are eligible but any construction items which address shared space between the commercial and housing units will be prorated and HTF funds will be used only to pay for the housing unit's share of repair costs. Loans can be made for rehabilitation, new construction, acquisition, acquisition/rehabilitation, affordable, infrastructure in support of affordable housing, pre-development, and conversion of non-housing to housing. Loans can be short term for construction or as a bridge until other committed sources of permanent financing such as HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG) Program, or Federal Low-Income Tax Credits are available.

The purchase price of a property to be acquired shall not exceed its appraised value, unless the County Executive finds and determines that the project has sufficient merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than ten percent.

Units required to be constructed by the County's Affordable Housing and Employee Accommodation Ordinance may be assisted, provided the assistance from the HTF is used to create a deeper level of affordability than required under that Ordinance. The applicant must investigate all other available sources of funds for pre-development activities.

B. Evidence of Ownership

When required to provide evidence of "Ownership," this means any of the following interests in residential real property:

1. fee simple interest
2. 99-year leasehold interest in the property
3. ownership or membership in a condominium, cooperative, or mutual housing project.

In addition, there cannot be any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest.

C. Property Location

1. General Requirement. The housing structure must be located within unincorporated Placer County.

2. Employee Accommodation Units. Employee accommodation units will be funded by the Employee Accommodation Fee charged in accordance with Ordinance No. 6050-B and all applicable requirements for residency and affordability shall follow the minimum basic parameters set forth in said Ordinance.

D. Rehabilitation Standards

Every loan made which is used to finance rehabilitation, shall be to at least minimum program rehabilitation standards, and no loan can be approved which would permit a dwelling unit after rehabilitation to be out of compliance with applicable codes. Applicable codes include the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and Chapters 5-10 of the Uniform Housing Code, and relevant sections of Title 24 which pertain to disability access, and Federal Housing Quality Standards.

In addition to requiring that the building be brought into compliance with applicable codes, additional upgrades in all projects may be required. These include upgrade of electrical equipment grounding and bonding system; GFCI replacement in kitchen, bathroom and exterior areas; fire extinguishers; smoke detector upgrade to current Uniform Building Code; and installation of carbon monoxide detectors; exterior painting shall be included where needed to extend the life of exterior materials. if needed.

E. Lead-Based Paint (LBP) Hazard Policies

All housing units built prior to 1978 are subject to the requirements of this section.

1. Housing unit must undergo an assessment by a California Department of Public Health certified Lead Based Paint Inspection who is certified to use an X-Ray Fluorescence (XRF) spectrum analyzer to detect LBP.
2. Deteriorated paint must be stabilized using approved work safe methods.
3. Clearance must be obtained after paint stabilization by a certified LBP Risk Assessor/Inspector.

F. Priority for Rehabilitation Loans

Priority will be given to homes that require health and safety repairs or substantial rehabilitation as defined by the California Department of Housing and Community Development (HCD). That is, the cost of rehabilitation must be 25 percent or greater of the after-rehabilitation value. Rehabilitation needs will be prioritized and addressed as follows:

1. **Health and Safety** – Examples include correcting plumbing, electrical, structural, mechanical, septic system, and roof deficiencies; and room additions to resolve overcrowding~~.~~ Lead hazard evaluation and reduction activities will be addressed under health and safety issues.

2. **Energy Conservation** – Examples include insulation, reducing air infiltration through window and door replacement, weather-stripping, and caulking, and replacing inefficient water heaters, refrigerators, ovens, furnaces, and air conditioning appliances, converting clothes dryers to gas.

3. **Extension of Useful Life** – Examples include repairing siding and sheet rock; interior and exterior painting; replacing worn flooring, cabinets, interior doors, and gutters; foundation upgrades; retaining walls; and other repairs that can extend the useful life of the property.

4. **Converting to Current Uniform Building Code (UBC) Standards** – Examples include moving bathroom access to hallways or off kitchen; stairs and porch upgrades. (Overcrowded conditions will be considered to exist when parents and children must share a bedroom, when children of the opposite sex, six years of age and older must share a bedroom, and when a disabled person is required to share a room.)

5. **Properties constructed prior to 1978 will be required to comply with current Lead Based Paint abatement regulations** – The basic requirements include but are not limited to the following:

   a) Notification regarding the hazards of Lead Based Paint Poisoning be provided to the occupants of the property, as well as to the property owner.

   b) Properties constructed prior to 1978 will be required to be inspected for defective paint surfaces as required pursuant to Section E, above.

   c) If defective paint surfaces are found in properties constructed prior to 1978, current HUD mitigation procedures and policies will be followed.

G. Replacement Housing

In extraordinary circumstances where health and safety repairs are insufficient to remove the most serious deficiencies, and where the cost of new construction is less than rehabilitation to UBC standards, the County may consider reconstruction replacement housing on the same site.

H. New Construction Standards

In addition to the standards of Rehabilitation's, such as UBC, Federal Housing Quality Title 21 and Title 24, new construction shall be built to the standards of the California Housing Finance Agency, (CHFA) Architectural Manual, unless a superior lender requires standards of equal or greater quality.

I. Prevailing Wage

Prevailing wages will be required in conformance with State law. Generally, rehabilitation of individual owner-occupied single-family dwellings will be exempt from prevailing wages.

IV. ELIGIBLE PROJECTS AND ACTIVIITES

A. Types of Assistance

Unless otherwise approved by the Board of Supervisors, HTF assistance shall be provided in the form of a loan. The HTF funds will be disbursed to borrowers following the guidelines and procedures governing the eligible uses and disbursement of funds established by the federal, state, and local requirements and which pertain to the use of HTF funds for a development project and requirements set forth in these Housing Program Guidelines.

To the extent possible, HTF funds should not be used for homebuyer loans. Instead, funds from other County homebuyer programs such as HOME, CDBG, etc., should be used.

B. Eligible Activities

1. **Predevelopment Loans (Short-Term or Bridge Loans)** – Obtaining a loan from the HTF for pre-development activities shall be considered as a last resort by the applicant and is only available for non-profit developers. Due to the level of risk associated with pre-development loans, the County will consider and provide pre-development loans upon completion of a risk assessment which includes consideration for repayment terms and collateral to secure said loan. Preference will be given to projects that support low-income and very low-income resident housing. Pre-development loans shall not be more than $100,000. Eligible pre-development activities may include reasonable expenses for architectural fees, market research, consultants and expenses related to the acquisition of property, and other reasonable costs as determined by the County.

2. **Homebuyer Loans** - To the extent possible, HTF funds should not be used for homebuyer loans. Instead, funds from other County homebuyer programs such as HOME, CDBG, etc., should be used.

3. **Rehabilitation Loans** – As noted above, priority will be given to homes that require health and safety repairs or substantial rehabilitation as defined by HCD.

That is, the cost of rehabilitation must be 25 percent or greater of the after-rehabilitation value.

4. **Development Loans** – Development loans for new construction and/or permanent financing will generally be provided in the form of a single loan agreement if the project site has been acquitted by the development entity.

5. **Development Loans for Acquisition and Rehabilitation** – Development loans for the acquisition and rehabilitation of multifamily units or mixed-use developments shall be considered and generally provided in a single loan agreement. The purchase price of the property shall not exceed its appraised value. Rehabilitation shall include activities to make the building seismically safe and to abate lead contamination if necessary.

6. **Programs** – HTF funds may be used on a case-by-case basis to support programs to create affordable housing units and/or employee accommodation units.

C. Ineligible Activities and Projects

Ineligible projects or activities include but are not limited to property tax penalties; rental of rooms for community meetings; mailings (including postage and printing of flyers or invitations); food or refreshments; neighborhood outreach meetings and expenses; and transportation to meetings. No HTFs for administrative and staffing costs shall be committed to a non-profit developer if CDBG or other funding sources are available for this purpose. No HTFs for administrative and staffing costs shall be committed to for-profit developers who are expected to raise such funds from private developers or other funding sources. General property improvements not eligible include security systems; television antennas; remodeling (including additions for family rooms or dens); and non-energy-efficient improvements.

V. APPLICATION, APPROVAL PROCESS, LOAN TERMS, REGULATORY AGREEMENTS AND OTHER ADMINISTRATIVE REQUIREMENTS

A. Financing Terms

1. Maximum Loan Amount

In all cases, the maximum loan amount shall be $125,000 per owner-occupied or $60,000 per rental housing unit.

The loan amount may include: the construction contract (the accepted bid price for the cost of materials and labor); a construction contingency; drafting, architectural and engineering fees, if any; appraisal and termite inspection charges; credit report review fees; permit fees and related building fees; site preparation for replacement housing; escrow, closing and recording fees; Lead Based Paint hazard mitigation; title report and title insurance, title updates and/or related costs.

To fully rehabilitate properties with expensive rehabilitation needs, the Loan Committee, as defined below, can approve, on a case-by-case basis, exceptions to exceed the maximum loan amount when the proposed rehabilitation project has expensive repairs such as: 1) bedroom addition/relocation; 2) bathroom addition/relocation; 3) repair or replacement of perimeter foundation; 4) historic preservation measures; or 5) reconstruction and replacement of the entire dwelling.

2. Interest Rate

Unless otherwise noted below or as required by a specific funding source, the interest rate shall be a three percent (3%) simple interest, for all loans.

3. Maximum Loan-to-Value Ratio

The maximum loan amount will be limited to ninety-five percent (95%) of the property after-rehabilitated value. Upon approval of the Loan Committee, exceptions can be made on a case-by-case basis, allowing a maximum loan-to-value ratio of up to one hundred percent (100%) for owner-occupied units.

4. Loan Security

Loans will be secured by a Deed of Trust and Promissory Note. All persons listed on the title to the property must sign the Promissory Note, Deed of Trust, and other documentation pertinent to the loan transaction, including a 20-year regulatory agreement protecting affordability for owner-occupied properties. In addition, for rental properties only, a Rent Limitation and Tenancy Schedule Agreement (RLA) will be recorded against the property that will be binding to the property for 20 years. All loans which are not in first position on title will require a Notice of Default be recorded as part of the transaction.

5. Financing Terms for Eligible Owner-Occupied Property

To the extent that an amortized loan payment will not cause housing costs to exceed thirty percent (30%) of annual income, rehabilitation costs will be financed as a three percent (3%) simple-interest amortized loan**.** To maintain maximum housing affordability and financial flexibility, the amortization period can be extended out to thirty (30) years.

Interest-only payment terms can also be offered for a five-year period, subject to County review of household income in five years to determine borrower's eligibility for continued interest-only payment terms. The monthly payment must be a minimum of fifty ($50) dollars. At the end of five (5) years, the County will request income and housing costs documentation from the household. If, at the conclusion of any five-year review, the County determines that the borrower is no longer eligible for interest-only payments (because the household is no longer low income, or is financially better able to make repayments), the County will offer amortized payments, at the original interest rate, for an amortization period that will maintain housing expenses at or below thirty percent (30%) of the household gross income. The County may also offer interest-only payments again for another five-year review cycle. If, during the five-year period between certifications, the head of household becomes 65 years old, then the loan can convert to the elderly rates and terms listed below.

In the event the household cannot afford a fully amortized payment or interest-only payment, the balance of the rehabilitation loan will be financed at three percent (3%) simple interest with payments deferred for five (5) years**.** The County will reevaluate the household income in five years to determine the borrower's eligibility for continued deferred payment status. If, at the conclusion of a five-year income review, the County determines the borrower is no longer eligible for deferred payment status, the loan balance will become amortized at the original interest rate for a term to be determined that will keep housing costs affordable. This five-year reevaluation process will continue indefinitely or until paid in full. If, during the five-year period between certifications, the head of household becomes 65 years old, then the loan can convert to the elderly rates and terms listed below.

The County may choose, upon approval of the Loan Committee, to approve a split loan whereby a portion of the loan is amortized, and the remainder is deferred.

The County may choose to have the borrower exceed the thirty percent (30%) housing cost limit and require them to make a payment. Such cases may arise when the loan costs are over the maximum allowed, the loan-to-value ratio is high, or where the family requests to have all or some of the loan balanced amortized.

Low-income owner-occupants who are elderly (age 65 or older) or permanently disabled will be eligible for two percent (2%) simple-interest, deferred-payment loans**.** The loan is due upon sale of property, transfer of title, or when borrower no longer occupies the home as his/her principal residence.

6. Financing Terms: Owner-Investor Properties

Owner-Investors will be offered five percent (5%) simple-interest fixed rate or two percent (2%) below prime, whichever is less for loans amortized for fifteen (15) years**.** To maintain maximum housing affordability and financial flexibility, the amortization period can be extended out to fifty-five (55) years. To ensure that the rental units renovated with HTF funds continue to benefit targeted income households for a designated period, owner-investors will be required to sign 55-year Rent Limitation Agreements (RLA's). Payments can be delayed until sufficient units are occupied to meet debt service.

6. Early Repayment

Early repayment of the loan is permitted if the affordability requirements include in the HTF regulatory agreement are maintained on the property.

B. Procedures for Single-Family Dwellings

Procedures and applications for assistance to individual, owner-occupied, single-family dwellings are the same application procedures as for the County's HOME First-Time Homebuyer (FTHB) Program, rehabilitation, or CDBG rehabilitation programs.

C. Information Required to Consider a Request for Financial Assistance for Multiple Units:

- Project description
- Proposed loan terms and amount of financing requested.
- Proposed levels of affordability
- Experience: Qualifications of the development team and property management firm.
    - Must demonstrate satisfactory completion of at least two (2) projects within the

last five (5) years.
    - Applicants without the necessary experience must enter into a joint venture agreement(s) with experienced developers.
- Experience – Property Management
    - The applicant or applicant's property management agent must have managed at least one (1) project completed for at least twenty-four (24) months subject to satisfactory performance review by any agency from which the project received funding from.
    - If the proposed project includes a supportive services component, the property management agent must also provide evidence of managing other housing projects with supportive services comparable to services proposed for the project.
- Form of proposed ownership [corporation, partnership, LLC, non-profit 501(c)(3)
    - Limited Partnership Requirements - for projects proposed as limited partnerships, the County reserves the right to approve the limited partnership agreement prior to any HTF loan award.
    - Joint Venture Requirements - Applicants who are submitting as a Joint Venture shall comply with the following:
        - If the developer is a joint venture, the request for HTF funding shall be based on the experience of the lead developer. The "lead developer" is the developer or entity that has a majority interest in the joint venture or partnership and meets the experience requirements noted above.
- Project Capital Budget (sources and uses), along with projected funding submittal dates.
- Thirty (30) year cash flow/operating statement
- Copies of any applications submitted to, or entitlements received from, a public agency.
- Appraisal
- Developers' equity contribution, (expected to be 10 to 20% of capital costs)
- A Phase I Environmental Site Assessment Report (environmental assessment of potential contamination prepared pursuant to ASTM standards)
- Preliminary Title Report

D. Loan Default and Subordination Policies

1. Loan Default Policy

Loans are in default and due and payable: 1) upon sale of property; 2) transfer of title; or 3) when borrower no longer occupies the home as his/her principal residence.

Employee Accommodation Units are in default and due and payable based upon the terms and conditions associated with each Employee Accommodation Unit financed.

Loans are also in default when the property taxes or homeowner's insurance is not current. For all amortized loans, the County will comply with current lending practices in cases of non-payment. Because the HTF is primarily a loan program, the issue of defaults must be addressed. The County must seek to reconcile two sometimes conflicting goals: 1) benefiting targeted income households; and 2) securing taxpayer money to re-invest HTFs pursuant to the Housing Program Guidelines.

While the policies outlined above state the conditions of default, the County can, on a case-by-case basis, accommodate crises that restrict a borrower's repayment ability. However, it should in no way be misunderstood: the loan must be repaid. All legal means to ensure the repayment of a delinquent loan will be pursued.

2. Subordination Policy

Placer County shall not subordinate its deed of trust to an increased risk/less secure position, except for exceptional/special circumstances to be determined by the Loan Committee.

Exceptions are defined as any action that would depart from policy and procedures stated in these guidelines. Consideration of an exception/special circumstance may be initiated by the County or its agent. A report on the situation will be prepared. This report shall contain a narrative, including the staff's recommended course of action and any written or verbal information supplied by the applicant. The Loan Committee shall decide the exception/special circumstances request at a regular or special meeting of the Loan Committee.

Subordination requests shall meet County requirements and policies and may include the following considerations:

a) In cases of extreme hardship, where borrowing becomes necessary to protect the health or safety of the occupants, or in the case of owner-occupants to pay health care costs for the borrowers and the borrower's immediate family.

b) The total principal of the loan senior (aka new loan) to the County loan is unchanged or decreased and the County's security interest is not jeopardized, as determined by the County.

c) The amount of the new loan may only include the current balance of the senior debt plus debt to pay for all or a portion of the closing costs of the refinance/2nd with no cash out.

d) The new loan must not have a balloon or negative amortization features.

e) If, because of the new loan, the owner-occupant borrower's housing costs will be less than current housing costs.

f) If the purpose for the new loan to which the County is to be subordinate is to pay for medical expenses of a low or moderate owner-occupant, or to repair health and safety building code violations that have been documented by a qualified third-party inspector, the borrower may increase the amount of the new loan to make health and safety repairs or pay medical expenses with these funds being placed in a supervised escrow account and relevant bills are to be paid out of this account.

If the borrower and the new loan comply with the above requirements, the following information will be provided if applicable:

1. Borrower's request for subordination, including a statement of the reason for the refinance and supporting documentation of income, hardship, copy of loan application, medical expenses, etc.

2. Copy of the Lender's instructions for escrow purposes, that specifies proposed use of the borrowed funds, etc.

3. Copy of the new loan documents (i.e., Promissory Note, Deed of Trust, and Loan Disclosure) to show the amount of the new loan, rate of interest, and terms of the proposed refinancing. Copy of the current appraisal, credit report, and preliminary title report.

4. A completed Subordination Agreement and a Request for Notice of Default or Sale for County execution will allow the County to finish processing the request in the event the subordination is approved.

E. AFFORDABILITY COVENANT AND REGULATORY AGREEMENT

1. Affordability Period

All borrowers must sign an Affordability Covenant and Regulatory Agreement (Regulatory Agreement) that will be recorded against the property. All units assisted with HTF funds are required to remain affordable for the period stipulated in the Regulatory Agreement. Units will be required to adhere to a minimum 20-year agreement for owner-occupants, and renters, or as otherwise required based upon the HTF funding source. The Regulatory Agreement will be reconveyed upon expiration of the affordability period. An owner-occupant or owner investor can sell the unit to a buyer approved by the County to be an income eligible, subject to the Regulatory Agreement. An owner investor can sell to another owner investor who agrees to rent in accordance with the Regulatory Agreement.

2. Maximum Rents

Under the Regulatory Agreement, an investor can only increase rents in accordance with increases in County Median Income as published annually by HCD. Assisted rental units must have rents not to exceed the greater of:

Rents established at thirty percent (30%) of eighty percent (80%) area median income, as determined by HCD for low income, 30% of 50% for very low, and 30% of 120% for moderate, minus utility allowance for tenant paid utility.

3. Tenant Income Re-Certification

The Regulatory Agreement requires that tenant income be re-certified annually. The household may not be evicted or given a 30-day notice due to exceeding income ineligibility unless income exceeds 140 percent of area median income.

4. Binding Terms and Conditions

If a homeowner sells the property, conveys title, or pays off the HTF loan in full, before the Regulatory Agreement term expires, the Regulatory Agreement is still binding. The conditions and restrictions affecting the real property will run with the land and will be binding on all parties having or acquiring any right, title or interest in the property or any part thereof, including agents, personal representatives, mortgagors, heirs, assignors and all successors in interest. The homeowner must agree that reference to the Regulatory Agreement will be inserted in any subsequent deeds and other legal instruments by which subject real property or any interest therein is conveyed.

5. Future Obligations and Regulatory Requirements

Developers who anticipate affordable or employee housing obligations because of County ordinance or General Plan policy may build those units in advance of the development that creates the obligation, by entering a Memorandum of Understanding with the County. Such credits may also be listed in regulatory agreements recorded against the applicable properties.

Where an inclusionary or employee housing requirement applies, assistance is limited to those units made affordable more than ordinance or policy requirements.

VI. LOAN PAYMENT AND ASSUMPTION POLICIES

A. Loan Payments

Loan payments will be made to:

Placer County Community Development Resource Agency
3091 County Center Drive, Suite 140
Auburn, CA 95603

Loan payments will be accepted from borrowers prepaying deferred loans, from borrowers making amortized or interest only loan payments, and from borrowers making payments in full upon sale of the property or change in title. All loans are payable to: Placer County Community Development Resource Agency. Assumption, refinancing, transfer of title, does not change the provisions or term of the Affordability Agreement.

B. Assumption Policies: The Effect of Changes in Title and Occupancy

1. Change of title or occupancy: owner-occupant to owner-occupant

   a) If the new owner-occupant is not moderate-income or below, the loan is not assumable. The loan balance is immediately due and payable and resale to an above moderate household must follow marketing and noticing provisions of the Regulatory Agreement, if sold before end of term of Affordability Agreement.

   b) If the new owner-occupant is moderate income or below, the County may allow the purchaser to either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Loan Committee in accordance with the Affordability Agreement.

2. Change of title or occupancy: owner-occupant to owner-investor

Except for a FTHB loan, which must be owner occupied, if an owner-occupant decides to rent his/her property or if the property is sold to an investor, the outstanding balance may be refinanced according to owner-investor terms and conditions with proper income and occupancy eligibility by low-income households.

3. Change of title or occupancy: owner-investor to owner-occupant

   a) If the assisted rental property is sold to a low- or moderate-income owner-occupant, the County may elect to restructure the loan according to owner-occupant terms. If the County determines that the buyers are income eligible first-time homebuyers.

   b) If the assisted rental property cannot be sold to a low- or moderate-income owner-occupant, the loan is immediately due and payable.

   c) If the original owner-investor moves into the property and is low- or moderate-income, the County may elect to restructure the loan according to owner-occupant terms.

4. The original owner-investor may move into the property if he or she is an income eligible household

5. Change of title or occupancy: owner-investor to owner-investor

   a) If the assisted rental property is sold to an owner-investor while the Affordability of Regulatory Agreement is in force, the terms of the Affordability or Regulatory Agreement will remain in force. The new owner-investor may pay the loan in full or assume all repayment obligations of the original owner-investor, subject to County approval of the written assumption request. If the new owner-investor chooses to pay off the loan, the Affordability or Rental Agreement remains in force and all terms and conditions apply to the new owner.

C. Conversion to Use other than Residential

The property cannot be converted to nonresidential use without replacement of the affordable units by the owner.

VII. LOAN APPROVAL AND CONSTRUCTION PROCESS

Applications will be accepted year-round until the goals of the program have been met and/or all funds have been committed. Generally, applications will be processed on a first-come-first-serve basis. When the number of applications exceeds loan funds, the County will rank them according to rehabilitation need and location. Units with the greatest rehabilitation need will be ranked first. Then, among applicants with similar rehabilitation need or new construction, priority will be given as specified in Section III-D. All rankings will be completed in compliance with Fair Housing Act standards.

A. Outreach

Community members are informed of the details of the program and eligibility requirements through advertisements, public meetings, private interviews, program flyers distributed throughout the county, and other fair marketing efforts. Written information is provided in English and the primary language of any significant portion of target area residents. Bilingual personnel will conduct or assist with outreach and community meetings, as needed.

B. Loan Application

The Housing Specialist, or housing consultant, holds private interviews with families to explain program requirements, documentation, and the rehabilitation processes, and when necessary, to assist in completing the application form. Required signatures are obtained, and the unit's rehabilitation needs are discussed. Additional documents may be obtained through the mail or follow-up visits.

C. Loan Packaging and Determining Rehabilitation Cost

Income and property eligibility analysis is carried out by the Housing Specialist or housing consultant. Elements include a preliminary title report to evidence ownership and existing encumbrances, property value documentation (i.e., property profile, comparable market analysis, appraisal), and income and credit verifications.

Property value will be determined by an appraisal whenever there are senior mortgages which encumber a large portion of the value. In cases where the property is owned free and clear, or encumbrances are small, qualified County staff or housing consultant may use recent local sales or other valuation tool (such as VeroValue or CoreLogic) to determine the property's after-rehabilitation value.

When the property and income eligibility has been determined, the unit is inspected. The Housing Specialist or housing consultant prepares a detailed work write-up and in-house cost-estimate. A Pre-bid Conference Notice is sent out to licensed contractors on the program's Interested Contractor List. The Housing Specialist or housing consultant conducts a bid walk-through, reviews bids for their completeness, and reviews the results with the homeowner. After the homeowner selects the contractor, the Housing Specialist or housing consultant prepares the loan recommendation.

D. Loan Approval

A loan package will be prepared that: confirms the applicant and property eligibility; documents the equity in and the encumbrances on the property; lists the breakdown of loan costs; and includes any other information particular to the case at hand. The package will then be submitted to the Loan Committee for consideration.

E. Document Signing

Upon notice that the Loan Committee has approved the loan, the borrower signs the appropriate loan documentation, and the deed of trust is recorded. The County may utilize the services of a reputable title and escrow company to assist with the recording of all appropriate legal documents and issuance of title insurance.

F. Work Commencement and Progress Payments

The homeowner and the contractor sign the construction contract. The Housing Specialist or housing consultant issues a Notice to Proceed, with a copy to the local building inspector. Work begins and a rehabilitation disbursement record is established to record all requests, disbursements, and change orders.

The Housing Specialist or housing consultant reviews disbursement and change order requests with an inspection of work in place. Construction disbursement or change order funds cannot be released without the signatures of the homeowner and the contractor.

Any necessary inspections will be coordinated with the County's Building Department.

G. Change Orders

All change orders require the approval of the homeowner, the contractor (if a contractor is involved) and the Housing Inspector. All three parties must sign the change order form prior to commencement of the work proposed in the change order.

H. Work Completion

The Housing Specialist or housing consultant will conduct a final walk through with the homeowner and selected contractor to address any outstanding items. Upon completion of work and a final inspection by the local building inspector, a Notice of Completion is recorded at the County Recorder's Office.

VIII. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

Exceptions are defined as any action, which would depart from policy and procedures, stated in the guidelines. Consideration of an exception or special circumstance may be initiated by the County or its agent. A report on the situation will be prepared. This report shall contain a narrative, including staff's recommended course of action and any written or verbal information supplied by the applicant. The Loan Committee shall decide the exception or special circumstances request at a regular or special meeting of the Loan Committee. The Loan Committee may consider standards of similar programs (e.g., CDBG and HOME**)** when reviewing requests for exceptions.

IX. DISPUTE RESOLUTION AND APPEALS PROCEDURE

During pre-construction, construction, or post-construction periods, the applicant/borrower shall engage in the following process to have any disputes with the County or Consultant heard and resolved:

Any individual or household applying for a loan through the HTF program has the right to appeal if their application is denied. Complaints concerning the HTF Program should be made to the County's Housing Specialist's supervisor, first. If unresolved in this manner, the complaint or appeal shall be made in writing and sent to:

Placer County Community Development Resource Agency
Attention: CDRA, Deputy Director – Housing Program
3091 County Center Drive, Suite 140
Auburn, CA 95603

The County will then schedule a meeting with the Loan Committee. The Loan Committee will prepare a written response within fifteen (15) working days. If the applicant is not satisfied with the Committee's decision, a final appeal may be filed with the Community Development Resource Agency Director. This appeal must also be in writing and sent to:

Placer County Community Development Resource Agency
Attention: CDRA Director
3091 County Center Drive
Auburn, CA 95603

In addition, during pre-construction, construction, or post-construction periods, the applicant/borrower has a similar right to have any disputes heard and resolved. HTF program representatives are primarily responsible to assure that the program is implemented in compliance with state and federal regulations in a timely and responsible manner. This includes developing accurate and professional files, work write-ups, and contract documents. Program representatives attend the meeting between the homeowner and the contractor when the contract documents are signed and facilitate in the clarification and/or corrections of proposed work so a clear understanding is established between both parties.

During and after completion of construction, the contractor's work is monitored for code compliance by the County Building Inspector and for quality and completeness by the Housing Specialist or housing consultant**.**

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

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

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

Stage 3: If the HTF program representative is unable to satisfactorily resolve the homeowner-contractor differences, the homeowner, contractor, or program representative will contact the staff person responsible for the program at the County in writing, detailing the problem. In cases of building code compliance, the building inspector must also be contacted.

It must be recognized that the homeowner has other options which they may choose to utilize, including the following:

a. contacting the Contractors State Licensing Board and submitting a complaint.
b. using professional mediation or binding arbitration services.
c. taking legal action.

It is hoped that the informal intervention process outlined above will offset other contractor and/or homeowner actions, and that every attempt is made to remedy problems and resolve differences before more drastic options are necessary.

Any controversy between the parties that cannot be settled through the informal intervention process outlined above shall be settled by the homeowner and contractor through other options listed above.

X. ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

This program is subject to the California Relocation and shall avoid involuntary displacement except in extraordinary cases as a last resort, such as replacement of units beyond rehabilitation.

A. Temporary Relocation Assistance: Owner-occupied properties

Owner-occupants participate in the program on a voluntary basis, and therefore, will not be eligible for relocation assistance under this program. Only if an extreme situation of hardship exists, such as when the homeowner is elderly, financially destitute, has no friends or family to assist with housing, all alternatives have been exhausted, and the relocation is necessary for medical reasons while substantial rehabilitation is occurring. If they are required to temporarily relocate during rehabilitation of their home, owner-occupants will be eligible for up to $500.00 per household to help pay for relocation costs. The funds may be used to help pay for the rent and/or utility costs of temporary housing and/or for the cost of moving and storing furniture. Relocation costs would not be part of the loan funds advanced to the borrower but will be paid from the HTF.

B. Temporary Relocation Assistance: tenant occupied properties

1. At time of application for assistance:

The first notice will be sent as soon as a loan application is received from the owner-investor. All tenants will receive a certified notice informing them not to move, that they will not be displaced because of the construction, that they may be eligible for temporary relocation benefits, and that if they are relocated then they are entitled to first choice for moving back into their current unit. They will also be informed that their after-rehabilitation rent and utility costs will not exceed the greater of: (a) their current rent/average utility costs, or (b) thirty percent (30%) of their average monthly gross household income.

Upon approval of the loan, all tenants will receive a second notice by certified mail. The second notice will inform them that they will or will not need to be relocated due to construction. If they do need to be temporarily relocated due to the rehabilitation, tenants will be advised of the date and approximate duration of relocation; the addresses of suitable temporary housing; their rights to lease and occupy a suitable unit in the original building/complex after the completion of the rehabilitation project; and the financial assistance available to cover temporary relocation and moving costs.

2. During affordability period:

No tenant will be required to temporarily relocate without 90 days advance written notice of the earliest date by which he or she may be required to move. The specific date for when the property must be vacated will be communicated in writing at least thirty (30) days in advance. Lists of possible rental properties for temporary relocation will be offered.

When a rental property with an un-expired Rent Limitation Agreement is sold, and the existing tenant is required to move permanently, a 90-day notice to vacate must be provided and relocation costs must be paid to the vacating tenant(s) for the remaining period of affordability stipulated in the RLA. Relocation costs are equal to the difference between the tenant's rent under the RLA and what it will cost the tenant to rent a comparable unit in the local area.

(Contents of notices to tenants will adhere to requirements outlined in Title 25, California Code of Administrative Regulations.)

XI. CONTRACTING REQUIREMENTS

A. Role of the Local Government

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

B. Contracting Process

Contracting will be done on a competitive bid basis. The homeowner will be the responsible agent, but the local government and/or its agent will prepare and advertise the bid package and assist the homeowner in negotiating the contract. The homeowner has the right to select the contractor of their choice.

C. Approved Contractors

All contractors will be checked with HUD's federally debarred list of contractors; no award will be granted to a contractor on this list. Contractors are required to be licensed with the State of California and be active and in good standing on the Contractor’s License Board list. Contractors must also have public liability insurance and when necessary, Workmen's Compensation Insurance. Contractors must agree to comply with all County regulations and guidelines.

D. Acceptance of Work

Final payment will be made to the contractor when the County Building Inspector has accepted the work, as evidenced by a final sign-off on the building permit, and items on the final punch list approved by the participant and Housing Program Inspector have been completed. At the time of the request for the payment of the final ten percent (10%) retention, the contractor will provide either: 1) lien releases from all subcontractors, laborers, materials, and equipment rental; or 2) a copy of Notice of Completion recorded thirty-five (35) days prior to request.

XII. CURRENT INCOME LIMITS

HCD 2021 Income Limits Adjusted for Family Size
PLACER COUNTY

	Number of Persons in Family							
Standard	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
80% of median income	**$50,750**	**$58,000**	**$65,250**	**$72,500**	**$78,300**	**$84,100**	**$89,900**	**$95,700**

XIII. FIRST-TIME HOMEBUYER LOANS AND GUIDELINES

First-Time Homebuyer (FTHB) loans are primarily funded by State and/or federal funds. Requirements associated with FTHB loans shall follow Placer County adopted FTHB Program Guidelines which are included as an attachment to these HTF Program Guidelines.

XIV. WORKFORCE HOUSING PRESERVATION PROGRAM GUIDELINES

Workforce Housing Preservation Program (WHPP) loans are primarily funded by Transit Occupancy Tax. Requirements for WHPP loans shall follow Placer County adopted WHPP Guidelines. To the extent WHPP loans are funded with HTF, they should follow the basic parameters and requirements set forth in these Housing Program Guidelines unless exceptions are granted by the Board of Supervisors.

XV. PLACER COUNTY HOMEBUYER ACQUISITION ONLY / ACQUISITION WITH REHABILITATION PROGRAM GUIDELINES FOR HOME INVESTMENT PARTNERSHIP PROGRAM, COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, AND CALHOME PROGRAM

Loans made that are primary funded by the above programs listed in Section XV shall follow adopted guidelines for the various programs. To the extent that loans funded from these funding sources and the HTF, staff should use the most restrictive funding source parameters requirements set forth in its underwriting criteria.