

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION AFFORDABLE RENTAL HOUSING MONITORING PROCEDURES

1. MONITORING START-UP

- 1.1. At least 30 days prior to the anticipated issuance of the Certificate of Occupancy or "sign-off" on the final inspection, the Housing Programs Monitor (HPM) will use the Monitoring File Set-Up Checklist (EXHIBIT A1) to prepare a file of information that includes:
- 1.2. "Quick Reference Guide" page (EXHIBIT A2) that provides background information on the project, contact information for the compliance and monitoring point person, identifies the number and sizes (and the addresses, if specified in the relevant agreement or otherwise determined) of the units subject to density bonus, Type A/C Housing Opportunity Areas, HOME, Community Development Block Grant (CDBG), Rental Development Incentive Program (RDIP), County Fund for Housing (CFH) and/or Second Dwelling Unit program income and rent restrictions.
 - A. Copy of the funding and affordability agreements: CDBG Subrecipient Agreement, HOME Developer Agreement and HOME Loan Agreement, Affordable Rental Housing Agreement for RDIP and density bonus projects, and/or Second Dwelling Unit Affordable Housing Agreement (EXHIBIT B).
 - B. Affirmative Fair Marketing Plan (where applicable). For all HOME assisted units, see the CDC's HOME Program Affirmative Fair Housing Marketing Policy and Requirements in order to ensure compliance. (Exhibit N)
 - C. Master Lease (where applicable)
 - D. Other Management Documents (e.g. Management Plan)
 - E. If a rehabilitation project, evidence of date project built. This is used to determine if the structure was built prior to 1978 and therefore subject to Lead-based paint compliance.
2. For all projects the HPM sends an initial compliance letter (samples at EXHIBIT C-1 and C-2) to the owner requesting the unit numbers/addresses of the restricted units, the name, household size and income of each tenant; and the bedroom count, current rent and current utility allowance for each restricted unit. Each initial compliance letter will be tailored to the specific affordable housing program and project. As applicable, the following documents will be included with the initial compliance letter:
 - A. Current income and rent limits (EXHIBIT D);
 - B. Utility allowance schedule and worksheet (EXHIBITS E AND F);
 - C. Form that the owner would have the tenant complete to self-certify his/her/their annual income (Exhibit G); and
 - D. Annual Compliance Report forms, including the Certificate of Continuing Program Compliance and List of Restricted Tenant Unit Tenants (Exhibits H and I described below).

The initial compliance letter also should include an offer to meet with the owner or manager of the development to establish a working relationship and to review the forms and the monitoring process.

Within 30 days after issuance of a Certificate of Occupancy for an affordable project, the HPM will prepare and file the tenant roster (Exhibit J) in the project file, listing as much of the following information as is available at that time: the project name; the address and bedroom size of each affordable unit subject to monitoring; the Commission program(s) that specify the affordability requirements for each unit; the name of each tenant residing in an affordable unit; each tenant's household size, annual income and monthly rent; the maximum permitted net rent after deduction of a utility allowance for each required affordable unit; date of current lease (for HOME units and other units where this is included as a requirement, e.g. in some RDA projects) and any notes about the unit, the tenant or the affordability requirements. Within 60 days following issuance of the Certificate of Occupancy for the project, the HPM will add any information missing from the tenant roster and will complete and insert in the electronic project file.

4. Periodically, on an as needed basis the HPM updates the pages for the "Quick Reference Guide."
5. At the initial rent-up of a HOME- and/or CDBG-assisted development, the Affordable Housing Finance Specialist will obtain from the owner the information necessary to complete the tenant portion of the HOME and CDBG Completion Reports in the HUD IDIS database. The Commission must complete those reports within 60 days of the close of permanent financing for each HOME- and/or CDBG-assisted rental development.
6. Finally, to complete the project monitoring file, the HPM use the Monitoring File-Set-up checklist to:
 - a. Insert a copy of the Certificate of Occupancy or sign-off on final inspection in the project monitoring file.
 - b. Add the project to the Affordable Housing Database
 - c. Add the project to the Compliance Report Addresses
 - d. Add project to the Master Monitoring Inventory.
 - e. Add the project to Compliance Report Tracking
 - f. Create a project folder on the S Drive.
 - g. Add the project to the Site Visit schedule, if applicable
 - h. Add or update the entry on the Assisted Housing Inventory spreadsheet.
 - i. If a HOME project, make individual HOME unit folders and HOME tenant roster (EXHIBIT J)
 - j. If there are monitoring fees specified in the affordable housing agreement, provide accounting with billing address, date that monitoring term began/will begin, and the affordable housing agreement.

II. Initial Tenant Eligibility Certification

1. When a new tenant moves into a unit subject to income and rent restrictions, the owner will have each income-earning member of the household complete an income verification for the household using forms that the Commission will have approved or provided.

- A. For HOME projects the owner must determine each family/household is income eligible by determining the family/household's annual income¹. The CDC must select a single definition of income to use for each of its rental housing projects, to ensure equitable treatment of all applicants. Determining which definition to use on a project-by project basis in rental housing enables the CDC to coordinate the requirements of HOME with other funding sources for each project.

The CDC must determine annual income by using the method described below in paragraph (i).

- i. Examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) for the family/household.
- ii. Obtain from the family/household a written statement of the amount of the household's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family/household will provide source document upon request.
- iii. Obtain a written statement from the administrator of a government program under which the family/household receives benefits and which examines each year the annual income of the family/household. The statement must indicate the tenant's family/household size and state the amount of the family/household's annual income, or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family/household size of the tenant and state that the tenant's annual income does not exceed this limit.

- B. For CDBG projects, the property owner owner must verify income according one of the two definitions in the CDBG regulations at 24 CFR 570.3 under *Income* 1(i) and 1(iii). The two definitions are:

- 1) "Annual income" as defined under the Section 8 Housing Assistance Payments program at 24 CFR 813.106; or
- 2) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

C.

¹ The annual income of the family/household must be calculated by projecting the prevailing rate of income of the family/household at the time they are determined to be income eligible. Additionally, annual income shall include income from all persons in the household. The following two definitions of "annual income" can be used:

- 1) Annual income as defined at 24 CFR 5.609, also called the "Part 5 Definition"
- 2) Adjusted gross income as defined for purposes of reporting under IRS Service Form 1040 series for individual Federal annual income tax purposes.

- D. For Density Bonus, Type A and C, RDIP, Affordable 2nd Dwelling Unit and CFH-assisted developments, the owner may use one of the following two approaches to verify income, listed in the order of preference:
- i. Federal Income Tax Return: Request that the applicant submit his/her most recent IRS 1040 form.
 - ii. Tenant Self-Certification: If the applicant is unable or unwilling to provide his/her federal income tax return, the owner shall require the applicant to complete and submit the Commission's Adjusted Gross Income Verification Form (EXHIBIT G).
2. The owner will store the completed file for each tenant residing in a unit subject to Commission monitoring in a lockable file cabinet, preferably on the site of the development. The file will include the income verification, recertifications, back-up documentation and the tenant's lease or rental agreement. The owner will make each such file available to Commission representatives during monitoring site visits or upon request.

For HOME-assisted units, the owner also will submit copies of the tenant's lease, rent increases, income verification and recertifications (with backup documentation) to the HPM within 60 days of their scheduled completion.

SUBJECT TO COMMISSION APPROVAL AND CONFORMITY WITH HOME FINAL RULE, THE OWNER MAY SUBMIT OR MAINTAIN THE REQUIRED TENANT ELIGIBILITY INFORMATION ON FORMS THAT THE OWNER SUBMITS TO OTHER MONITORING AGENCIES.

3. If an applicant's income exceeds the specified income limit, the applicant is ineligible to occupy the affordability-restricted unit. If the owner rents a restricted unit to an ineligible applicant, the HPM will advise the owner that the tenant is ineligible to occupy the unit and must rent the next available comparable unit to an eligible tenant. The Commission also has the option to pursue other remedies available to it for a deliberate breach of the affordability requirements of the agreement between the Commission and the owner.
4. If the rent exceeds the specified rent limit, the HPM will direct the owner to reduce the rent to the approved limit and to submit documents confirming that the reduction has occurred. The Commission also may pursue other remedies available to it for a deliberate breach of the affordability requirements of the agreement between the Commission and the owner.

When HOME units are located in developments that have received state or federal project-based rental subsidies for **very low-income** tenants (e.g., project-based Section 8 rental assistance in a Section 202 or 811 development), the project-based Section 8 rent limits shall supersede the HOME rent limits.

5. The HPM updates the project tenant roster (EXHIBIT J) for each HOME-assisted development as new tenants move into the development's restricted units. For all other developments with restricted units, the HPM will file the List of Restricted Tenants in the monitoring file upon receipt of the Annual Compliance Reports for the developments.
6. For HOME projects, the owner must take into consideration whether or not household falls into the category of student under the Section 8 program. The 2013

HOME Final Rule adopted the Section 8 Housing Choice Voucher restrictions to student participation in the program.

III. Annual Tenant Eligibility Re-Certification

1. On the annual anniversary of the tenant's move-in date, the owner will recertify the income of each tenant occupying a restricted unit, in accordance with applicable regulations. The owner will complete the income recertification on forms that the Commission has approved or provided, verifying the income of each household member subject to income review.
2. For each HOME-assisted unit, the owner will submit all relevant income verification forms and back-up documentation supporting the owner's determination of the annual household income of the tenant within 60 days of completion of the recertification. For all other programs, the owner will store the completed forms on site in the tenant files and make them available for Commission inspection during scheduled site visits.
2. For each HOME-assisted unit, the owner will also submit new or renewed leases and any rent increase notifications. HPM will review leases to ensure that they are meeting the requirements of the 2013 HOME Final Rule at 24 CFR 92.253.
3. If the annual income recertification determines that a tenant who was income-eligible prior to moving into a restricted unit has gone over income, the HPM will advise the owner that the tenant no longer is income eligible to occupy the restricted unit.
4. The HPM will ask the owner to replace the unit with a comparable unit occupied by an income-eligible tenant or to make the next available comparable unit available to an income-eligible applicant.

For an over-income tenant residing in a HOME-assisted unit, the owner must adjust the rent to the maximum net HOME rent in the following manner:

- A. If a tenant occupying a designated LOW HOME-assisted unit had been paying the LOW HOME (50%) rent and the tenant's income increases, the owner must determine whether the tenant is low-income and qualifies for a HIGH HOME (65%) rent. If the tenant does qualify as low income, the owner must adjust the rent to the HIGH HOME rent and rent the next available comparable unit to a LOW HOME-qualified household.
- B. If the tenant of a LOW or HIGH HOME unit has an income greater than 80% of median income for the tenant's household size, the tenant must pay as rent the **lesser** of the amount payable under State or local law or 30% of the family's adjusted income.
- C. Maintaining the mix of LOW and HIGH HOME units specified in a development's HOME Developer Agreement may require the owner to designate one or more other units with income-eligible tenants as HOME-assisted units.
- D. If redesignating units occupied by income-eligible tenants will not rebalance the mix of LOW and HIGH HOME units, the owner must make available to an income-eligible tenant the next available comparable unit(s).

- E. For over-income tenants occupying HOME-assisted units *in tax credit projects*, the tenants must pay rent governed by section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).
- i. If the tenant's income rises above 140 percent of the applicable income limit, then the next available comparable unit shall be rented to a low-income tenant.
 - ii. If the tenant's income does not increase to more than 140 percent of the applicable income limit, the unit shall continue to be treated as a low-income unit if it is rent-restricted and the household initially met the income qualifications.
4. If the rent exceeds the specified rent limit, the HPM will direct the owner to reduce the rent to the approved limit and to submit documents confirming that the reduction has occurred.
5. The HPM will send a letter to the owner notifying the owner of these requirements when any of these circumstances arises.

NOTE: SUBJECT TO COMMISSION APPROVAL, THE OWNER MAY SUBMIT THE REQUIRED HOME PROGRAM TENANT ELIGIBILITY INFORMATION ON FORMS THAT THE OWNER SUBMITS TO OTHER MONITORING AGENCIES.

IV. Compliance Reports

1. The owner of a project with restricted units will submit an annual compliance report consisting of the "Certificate of Continuing Program Compliance" (EXHIBIT H) and the "List of Restricted Unit Tenants" (EXHIBIT I). The CDC has divided the compliance properties into two compliance schedules. Documents for 2nd Dwelling Units, Agricultural Units, Density Bonus and other similarly restricted units are due on January 31 each year for the preceding calendar year. Documents for HOME, CDBG, RDA, and CFH and similarly restricted units are due July 31st, for the previous year commencing July 1st of the previous year, and ending June 30th of the current year.
2. Upon receipt of the compliance report, the HPM will review the "Certificate" (EXHIBIT H) and the "List" (EXHIBIT I) for completeness, taking note of the owner's disclosure of any instances of non-compliance with applicable affordability requirements and measures the owner has taken to return the development to compliance. Once it has been determined that the property is in compliance, the HPM files the Certificate and List in the project file.
3. As necessary, the HPM sends a letter to the owner requesting missing documents, missing information, or correction of instances of non-compliance noted in the compliance report. If compliance issues cannot be resolved by the HPM, they should be brought to the attention of the HPM's supervisor, and to the Executive Director and/or County Counsel, if necessary.

NOTE: SUBJECT TO COMMISSION APPROVAL, THE OWNER MAY SUBMIT THE REQUIRED COMPLIANCE REPORTS ON FORMS THAT THE OWNER SUBMITS TO OTHER MONITORING AGENCIES.

V. Site Visits

1. On a staggered schedule, the HPM visits each development periodically to review the files for the restricted units, confirm compliance with applicable program requirements, including the affirmative marketing plan, and inspect a sample of restricted units and the maintenance of the complex.
2. In compliance with the current Final HOME Rule the HPM will visit HOME-assisted developments on the following schedule: The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability. If there are observed deficiencies for any of the inspectable items in the HOME Program Ongoing Property Standards established by the CDC (EXHIBIT L) a follow-up site inspection to verify that deficiencies are corrected must occur within 12 months. As necessary, the Commission staff may schedule visits to a HOME-assisted development more frequently than required under HOME Program regulations.
3. During the site visit, the Commission representatives will utilize a Site Visit Worksheet (EXHIBIT M) and complete the following steps:
 - A. Interview the owner or manager of the property;
 - B. Inspect relevant tenant files selected at random and request copies of any documents that the Commission requires for the Commission's files;
 - 1.2.1. Inspect a statistically valid sample of units² using the HOME Program Ongoing Property Standards Checklist (EXHIBIT L); and
 - C. Observe the general maintenance of the common areas and building exteriors using the HOME Program Ongoing Property Standards Checklist (EXHIBIT L).
4. Following each site visit to an affordability-restricted development, the HPM shall prepare a written report of the visit. The report will follow the same format as the Site Visit Worksheet (EXHIBIT M), discuss the findings of the visit and, as appropriate, request correction of problems cited in the report. A copy of the report will be retained in the monitoring file, per the recordkeeping requirements of the 2013 HOME Final Rule.

VI. Affirmative Marketing

For HOME projects, owners will submit to the CDC along with the annual Compliance Report, examples and a description of affirmative marketing actions. The HPM will assess the success of affirmative marketing actions by following the CDC's HOME Program Affirmative Fair Housing Marketing Policy and Requirements and Minority Outreach Procedures (EXHIBIT N).

VII. Maximum Rents and Incomes

1. When HUD and HCD issue annual income and rent limits for affordable housing, the HPM mails the revised annual income and rent limits to each owner or manager of developments containing restricted units subject to the income limits and Commission monitoring. NOTE: As of the date of this revision (7/14/2014), the CDC is using two sets

² As of 7/14/2014 HUD issued the following guidance for the appropriate number of units: inspect each building with HOME-assisted units and at least 20 percent of the HOME-assisted units in each building, but not fewer than four units in each project and one HOME –assisted unit in each building. Additional guidance may be issued in the future.

of income and rent limits: one for federal programs (HOME, CDBG, and NSP) and one for local and state programs (CFH, RDA, 2nd Dwelling Units, Density Bonus). For federal programs, the CDC uses the income limits set by HUD for the HOME program.

Note: Under the HOME program, Single-Room Occupancy Units with sanitary and food preparation facilities are to be charged the HOME rent which is based on the zero bedroom Fair Market Rent. For SRO units that do not have sanitary or food preparation facilities or only one of the two, maximum HOME rent is based on 75 percent of the zero-bedroom fair market rent.

For state and local programs, the CDC uses the income limits set by HCD. The State of California elected to uphold a hold harmless policy that keeps incomes and rents higher. It is likely that eventually, the federal and state guidelines will come back into alignment with one another and the CDC will be able to return to issuing only one set of annual income and rent limits.

For units subject to the affordability requirements of these programs, the rent limit for a unit affordable to a very low-income household would equal 30% of 50% of median income for the household size assumed to reside in the unit, less a utility allowance for tenant-paid utilities. The rent limit for a unit affordable to a low-income household would equal 30% of 60% of median income for the household size assumed to reside in the unit, less a utility allowance for tenant-paid utilities. In all cases, the assumed household size equals the number of bedrooms in a unit plus one.

Note: For projects subject to a CDBG Subrecipient Agreement that lacks specific affordability requirements, the project becomes subject to the minimum CDBG program requirements. The rent limit for a unit would equal the lesser of 30% of 80% of median income for the assumed household size and the fair market rent for the unit size, less a utility allowance for tenant-paid utilities. The assumed household size equals the number of bedrooms plus one.

For those developments with restricted units subject to annual rent adjustments using the Annual Adjustment Factor (AAF) from HUD (normally density bonus projects subject to older Affordable Housing Agreements), the HPM sends the revised rents in January of each year, or otherwise as soon as the Commission receives the factor from HUD.

5. When the Sonoma County Housing Authority issues an updated utility allowance schedule for the Section 8 rental assistance program, the HPM sends the schedule (EXHIBIT E) and the Utility Allowance Calculation Worksheet (EXHIBIT F) to the owners of all assisted projects. The HPM requests that the owners calculate the updated utility allowances for the restricted units in their developments and submit them to the HPM for review.

When the HPM approves the utility allowances, the owner deducts the utility allowances from the gross rent limits for the restricted units in their developments to determine the maximum tenant-paid rent for those units. The Section 8 rental assistance program contract rent for one of these units may exceed the maximum tenant-paid rent so long as the tenant's share of the rent does not exceed that figure.

Deduction of the approved utility allowance from the maximum HOME rent establishes the maximum rent that the owner may charge an income-eligible tenant for the unit. This calculation also establishes the maximum Section 8 rental assistance program contract rent for the HOME unit. The only exception to this rule occurs when the HOME-assisted unit receives a state or federal **project-based** rent subsidy such as the federal Section 8

rental assistance program. In that case, the rental assistance program's rent limits supersede the HOME Program rent limits.

6. Units subject to overlapping rent and income limits must comply with the most restrictive applicable rent and income limits.

VIII. Monitoring Fees

1. Two weeks prior to the June 1 due date each year (the Sea Ranch Apartments and Sonoma Valley Apartments agreements designate November 1 as the due date), the Finance Division staff prepare and mail under the Executive Director's signature the statement for the annual monitoring fee. As of 5/17/04, the fee is \$75 per restricted unit.
2. The project agreements specify the number of units subject to this fee and the time period.
3. For projects newly added to the monitoring program, fee collection begins on the first due date to occur following the date of either the Certificate of Occupancy or the "sign-off" of the final inspection.

NOTE: AS OF 8/23/13, THE HOME FINAL RULE ALLOWS A MONITORING FEE TO BE CHARGED TO RENTAL HOUSING PROJECTS TO WHICH A COMMITMENT OF HOME FUNDS IS MADE ON OR AFTER 8/23/2013. THE FEE MUST BE INCLUDED IN THE COST OF THE PROJECT AS PART OF PROJECT UNDERWRITING.

It has been determined that each year, approximately 1.5 hours of staff time is be spent on monitoring each HOME unit. This staff time has been valued at \$75.

IX. Financial Management

1. The CDC follows a Financial Stability Assessment Procedure to assess risk of activities and projects. See EXHIBIT O for details.
 2. A record of any financial stability assessments completed for a project will be retained in the project file.
1. The finance staff is responsible for all financial and accounting activities associated with the monitoring of the affordable housing program and will prepare procedures for those activities.

X. Conflict of Interest

1. Per 24 CFR 92.356 **(b)Conflicts prohibited**. No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

2. **(c)Persons covered.** The conflict of interest provisions of [paragraph \(b\)](#) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the [participating jurisdiction](#), [State recipient](#), or [subrecipient](#) which are receiving [HOME funds](#).

Exhibits (A-O)

END OF PROCEDURES
2/97

2. UPDATED 5/4/00, 7/14/04 CMK/CDM, 8/12/14 FMG, 2/7/18 NB

QUICK REFERENCE GUIDE

NAME OF DEVELOPMENT: _____

ADDRESS: _____

MANAGER: _____ PHONE: _____ FAX: _____

MANAGER E-MAIL: _____ OWNER E-MAIL: _____

OWNER: _____ PHONE: _____ FAX: _____

ADDRESS: _____

PROGRAM(S): HOME: _____ CDBG: _____ RDIP: _____ CFH: _____ DB: _____ TYPE A: _____ INCL: _____

Loan #1: Amount: _____ Term: _____

Loan #2: Amount: _____ Term: _____

YEAR DEVELOPMENT ORIGINALLY BUILT: _____ Prior to 1978? Yes No

RESTRICTED UNTIL: _____ TOTAL UNITS: _____

	0 BR	1 BR	2 BR	3 BR	4 BR
#ELI UNITS					
RESTRICTED TO					
# VLI UNITS					
RESTRICTED TO					
# LI UNITS					
RESTRICTED TO					

ANNUAL MONITORING FEE: _____ DATE DUE: _____

COMPLIANCE REPORTS DUE: QUARTERLY: _____ BIANNUALLY: _____ ANNUALLY: _____

SPECIAL CIRCUMSTANCES: _____

NOTES: _____

S:\Affordable Housing\Monitoring_Compliance_Master Docs\Monitoring Procedures\CDC Complete Monitoring Procedures\ExhibitA2.xls]TEMPLATE

Project Name: _____

Monitoring File Set-Up Checklist Refer to Monitoring Procedures for detailed instructions and example documents: (S:\Affordable Housing\Monitoring_Compliance\MasterDocs\MonitoringProcedures)

X	Item Description (Listed in likely order of receipt)	Responsible
	Copies of Funding Agreements & Affordability Agreements from all CDC funding sources	
	<input type="checkbox"/> HOME – check for description of restricted units	
	<input type="checkbox"/> CDBG	
	<input type="checkbox"/> CFH	
	<input type="checkbox"/> OTHER	
	<input type="checkbox"/> OTHER	
	Affirmative Fair Marketing Plan	
	Master Lease	
	Other Management Documents (e.g. Management Plan)	
	Contact Information for Compliance and Monitoring point person	
	Tenant Roster including:	
	<ul style="list-style-type: none"> • Address and bedroom size of each unit • Household size for each tenant • Annual income and monthly rent for each tenant 	
	If rehab, evidence of date project built (for Lead-based paint compliance)	
	Certificate of Occupancy (or sign-off on final inspection)	
	Email Form listing all documents sent from project file to compliance file	
	Letter to Compliance & Monitoring point person explaining compliance obligations, including monitoring fees, if applicable.	
	Quick Reference Guide	

Monitoring Set-up Tasks

X	Task Description	Responsible
	Add project to Master Labels (send report requests to property owners and property managers if different) (S:\Affordable Housing\Monitoring_Compliance\MasterDocs\ComplianceReportAddresses.xlsx)	
	Add project to Master Monitoring Inventory (S:\Affordable Housing\Monitoring_Compliance\MasterDocs\MasterMonitoringInventory.xls)	
	Add project to Compliance Report Tracking (S:\Affordable Housing\Monitoring_Compliance\MasterDocs\Compliance\ComplianceReportTracking.xls)	
	Add project folder to Monitoring and Compliance Folder (S:\Affordable Housing\Monitoring_Compliance)	
	Add project to Site Visit Schedule, if applicable (S:\Affordable Housing\Monitoring_Compliance\MasterDocs\Site Visits\Site_Visit_Schedule_2012-2013.xlsx)	
	Add to list of all Assisted Housing History (S:\Affordable Housing\Funding\ Assisted Housing History 5-07-2014.xls)	
	If HOME, make individual HOME unit folders & HOME tenant roster	
	If there are monitoring fees, provide accounting with billing address, certificate of occupancy and affordable housing agreement.	

No Fees per Government Code 6103

RECORDING REQUESTED BY:

Sonoma County Community }
Development Commission }

WHEN RECORDED MAIL TO:

Sonoma County Community }
Development Commission }
Attn: Executive Director }
Post Office Box 12025 }
Santa Rosa, California 95406 }

AFFORDABLE RENTAL HOUSING AGREEMENT
DEVELOPMENT NAME

THIS AGREEMENT is made and entered into this ____ day of _____, 200__, by and between the County of Sonoma (hereinafter referred to as "County"), and DEVELOPER NAME AND LEGAL DESCRIPTION (hereinafter referred to as "Developer").

WHEREAS, Developer is the owner of that X.XX acres of real property commonly known as PROPERTY NAME AND/OR ADDRESS, in the unincorporated area of Sonoma County, and as Sonoma County Assessor's Parcel Number XXX-XXX-XXX (hereinafter referred to as "the Property") and is more particularly described in Exhibit "A", which is attached hereto and incorporated herein by reference; and

WHEREAS, the General Plan and Zoning Ordinance of the County of Sonoma permit no more than XX housing units on the Property; and

WHEREAS, Developer proposes to develop a total of XX housing units on the Property, consisting generally of XX studio apartments, XX one bedroom units, XX two bedroom units, XX three bedroom units, and XX four bedroom units. The residential units will be grouped in XX buildings in a development that will include DEVELOPMENT AMENITIES and an approximately X,XXX square foot multi-use building that will include BUILDING AMENITIES ("the Development"); and

WHEREAS, the Developer estimates the total development cost of the Development to be approximately \$XX,XXX,XXX; and

WHEREAS, pursuant to Government Code section 65915, section 26-88-122 of the Sonoma County Zoning Ordinance (revised 9/98), and Sections 1.6 and 2.2.1 and policy HE-1c of the Sonoma County Housing Element adopted by the Sonoma County Board of Supervisors on December 11, 2001, the Developer has proposed to construct and rent the XX affordable rental housing units in the Development at rents affordable to very low- or low-income households in exchange for a DENSITY BONUS PROGRAM TYPE density bonus of XX units and other incentives.

WHEREAS, on DATE OF APPROVAL, the Sonoma County Board of Supervisors approved the Development with a DENSITY BONUS PROGRAM TYPE density bonus of XX units (“Density Bonus”) and the following additional incentives (“Other Incentives”):

LIST ADDITIONAL INCENTIVES; and

WHEREAS, on DATE OF APPROVAL, County approved, as an incentive to the Development, Community Development Block Grant (CDBG) loan assistance in the total amount of \$XXX,XXX for USE OF FUNDS; and

WHEREAS, on DATE OF APPROVAL, County also approved, as an incentive to the Development, HOME Investment Partnerships Program (HOME) loan assistance in the total amount of \$XXX,XXX for USE OF FUNDS; and

WHEREAS, on DATE OF APPROVAL, County approved, as an incentive to the Development, a loan of County redevelopment funds in the amount of \$XXX,XXX for USE OF FUNDS, and

WHEREAS, condition XX of the Sonoma County Board of Supervisors approval of the density bonus for the Development requires XX percent (XX%) of the total number of rental units to be set aside for rent to very low- and low-income households, pursuant to Government Code 65915 and Section 26-88-120 of the Sonoma County Zoning Ordinance, for a minimum period of thirty (30) years.

NOW, THEREFORE, in consideration of the foregoing and of the mutual terms and covenants hereinafter set forth, the parties hereto agree as follows:

1. *Satisfaction of Board of Supervisors Conditions and Acknowledgement of Incentives.* County hereby agrees that execution, recordation, performance of and compliance with this Agreement shall constitute performance of condition number XX of File Number XXX XX-XXX of the Sonoma County Board of Supervisors' approval of the Development, dated DATE OF APPROVAL, and shall be sufficient in that respect to permit the issuance of building permits for the Development subject to satisfaction of all other applicable conditions and compliance with all provisions of the law. Developer acknowledges and agrees that, in addition to the Density Bonus, Developer has received significant incentives pursuant to Government Code Section 65915, including Other Incentives and the loans of Community Development Block Grant funds, HOME funds, and County redevelopment funds.

2. *Rental of Housing Units.* Pursuant to and in consideration of the density bonus approved by the County and the additional incentives set forth in this Agreement, Developer hereby agrees that it shall rent not less than the XX rental housing units to very low- and low-income households, as defined at Section 1.6 of the Sonoma County Housing Element, or as those terms may hereafter be amended ("Affordable Housing Units"). The Affordable Housing Units **shall** consist of the following number of housing units subject to this Paragraph:

Unit Size	Affordable to Very Low Income Households	Affordable to Low-Income Households
Studio	X	X
One Bedroom	X	X
Two Bedrooms	X	X
Three Bedrooms	X	X
Four Bedrooms	X	X
Totals:	X	X

Developer shall not market any Affordable Housing Units in the Development until the Sonoma County Community Development Commission ("Commission"), acting on behalf of the County, has approved a marketing plan for the marketing of the Affordable Housing Units.

3. *Rent Amounts.* On or about March 1 of each year, when the U.S. Department of Housing and Urban Development issues annual updates of the

income limits for Sonoma County, adjusted by household size, the Commission shall issue to Developer new gross rent limits for the Affordable Housing Units designated in Paragraph 2 for the following calendar year. Commission shall calculate gross rents in compliance with section 26-02-140 of the Sonoma County Code, using the income limits for the imputed household size appropriate to the size of each Affordable Housing Unit. The gross rents shall be subject to deduction of a utility allowance, approved and issued by Commission, and shall be consistent with the definitions of rent referenced in this paragraph 3. The utility allowance schedule includes monthly figures for utility expenses that the tenant is required to pay in addition to the rent, and may include the costs associated with cooking, space heating, water heating, lights, other electrical, water, sewer, garbage, and renting a stove and refrigerator. Developer shall not charge its tenants more than the net rent resulting from the calculation described in this paragraph and permitted by the Commission.

The imputed household size for a unit shall be equal to the number of bedrooms in the unit plus one. For example, Commission shall calculate gross rent for a two-bedroom unit using the appropriate income limit for a three-person household. The monthly gross rent limit for each unit reserved for a very low-income tenant shall be equal to one-twelfth ($1/12^{\text{th}}$) of the product of 30% of 50% of the median income for the household size imputed for that unit. The monthly gross rent limit for each unit reserved for a low-income tenant shall be equal to one-twelfth ($1/12^{\text{th}}$) of the product of 30% of 60% of the median income for the household size imputed for that unit.

4. Term. This Agreement shall be effective on the date of its recordation and shall remain in force for a period of not less than thirty (30) years from the date that the County issues the Certificate(s) of Occupancy for the Affordable Housing Units in the Development. In the event that Developer requests an extension of the term for repayment of any of the financing that Commission has or will extend to Developer for the Development, the term of this Agreement shall be extended to coincide with the extended term of that financing.

5. Assurance of Continued Affordability. The incentives made to Developer by County and recited in this Agreement constitute a "subsidy" for affordable housing. In order for County to meet the requirement of Government Code section 65917 that it ensure the continued affordability of housing units priced for affordability for very low- and low-income households by this Agreement, Developer agrees that it will not rent any of the housing units identified by this Agreement at rents exceeding those established pursuant to this

Agreement.

Developer agrees to submit to County, on a schedule that the County selects, but not more often than quarterly, on forms that the County provides or approves, a compliance report reporting the name, household size, income and rent of each tenant occupying an Affordable Housing Unit. Upon request of County, Developer further agrees to certify annually the income of each tenant occupying an Affordable Housing Unit and to submit to County the certifications on forms that the County provides or approves and copies of leases in effect for each tenant residing in an Affordable Housing Unit.

At Commission's request, Developer shall permit the Commission to inspect the Property and make available for the Commission's review and inspection the tenant records that Developer shall maintain for each tenant residing in a unit subject to this Agreement.

6. Maintenance Standards. During the term of this Agreement, Developer shall maintain the unit(s) subject to this Agreement and the Property in a condition that satisfies the more stringent of (a) the requirements of the applicable local building codes or (b) the United States Department of Housing and Urban Development's Housing Quality Standards (HQS). The Commission shall have the right to inspect the unit(s) subject to this Agreement and the Property prior to initial occupancy and periodically during the term of this Agreement, upon three business days' notice to Developer. The Commission shall have the right to disclose the results of those inspections to the appropriate enforcement authority. Failure to maintain the unit(s) and the Property in compliance with this section shall constitute a breach of this Agreement and subject the Developer to damages as set forth in Section 17 of this Agreement.

7. Reconciliation of Program Requirements. Developer has received and will receive financial assistance from several of the Commission's programs. In the event of differences between and among the requirements of these programs and the requirements of the Density Bonus Program, the most restrictive requirement shall prevail.

8. Interpretation and Construction. To the extent that this Agreement may be uncertain or ambiguous such that it requires interpretation or construction, then it shall be interpreted and construed in such a way that meets the public policy goals of Government Code section 65915, the Housing Element of the Sonoma County General Plan, and the Sonoma County Zoning Ordinance, and the

requirements of the CDBG and HOME Programs, the County's redevelopment program, and other County programs that may assist the Development. If any provision of this Agreement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this Agreement and the application of such provisions to persons or circumstances, other than those as to which it is found to be invalid, shall not be affected thereby. Nothing contained herein shall be deemed compliance with or waiver of any provision of law or conditions of approval except as expressly stated herein.

9. Opinion of Counsel. Concurrent with the execution hereof, Developer shall provide to County a letter opinion from its legal counsel stating that in the opinion of counsel this Agreement constitutes a valid and binding contract upon Developer and its successors in interest with respect to the Property.

10. Agreement Binding on Successors. The terms, covenants and conditions of this Agreement shall apply to, and shall bind the parties hereto and any successors or assignees. Developer's obligations under this Agreement are to be considered as covenants and/or equitable servitudes, as those terms are used in Revenue & Taxation Code section 3712(d), running with and appurtenant to the Property and for the benefit of County. Any sale or conveyance of the Property shall be made subject to this Agreement.

11. Waiver. The waiver by any party of any breach or violation of any term, covenant or condition of this Agreement or of any provisions, ordinance or law shall not be deemed to be a waiver of such term, covenant, condition, ordinance or law or any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance or law.

12. Costs and Attorneys' Fees. The prevailing party in any action brought to enforce the terms of this Agreement or arising out of this Agreement may recover its reasonable costs and witness, expert and attorneys' fees expended in connection with such an action from the other party.

13. Recordation. Developer shall execute this Agreement, cause the same to be acknowledged and deliver said executed and acknowledged document to County in such form as to permit its recordation in the Office of the County Recorder of the County of Sonoma. County shall not be obligated to issue permits prior to such delivery and recordation of this Agreement.

14. Merger. This writing is intended both as the final expression of

the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure section 1856.

15. Ownership of the Property. Developer represents and warrants that it is the owner of the Property and has full authority to execute this Agreement.

16. Monitoring Expenses. In order to allow Commission and County to recover their administrative expenses associated with this Agreement, Developer shall pay to Commission \$75.00 for each of the XX Affordable Housing Units, or such other fee as may be established by the County from time to time, consistent with increases in the cost of living. The fee shall be paid in advance by Developer to County on or before June 1st of each year of the thirty (30) year term described in paragraph 4 of this Agreement.

17. Additional Damages. In addition to any other remedy available to the County by law, in the event that the Developer charges rent in excess of that allowed by this Agreement, it shall be liable to County for damages in the amount of the rent charged or collected, whichever is greater, in excess of the maximums allowed herein and interest compounded at the maximum rate allowable for judgments.

For any other breach of this Agreement, County may, in addition to any other remedy authorized by law, elect that Developer, or any of its successors in interest, shall be liable to County in the amount of \$100.00 per day until the breach is cured.

18. Risk of Market Conditions. Developer shall bear sole responsibility for developing, constructing and marketing the units covered by this Agreement, pursuant to the approvals that the County has issued for the Development and the requirements contained in this Agreement. The County shall have no obligation to amend this Agreement, and the Developer shall reimburse the County for all administrative costs associated with any modification of this Agreement that shall require the approval the Board of Supervisors of Sonoma County.

COUNTY OF SONOMA

Dated:

By: _____
(NAME)
Executive Director
Sonoma County Community
Development Commission

DEVELOPER:
DEVELOPER NAME AND LEGAL
DESCRIPTION

Dated:

By: _____
DIRECTOR NAME
DIRECTOR TITLE

Approved as to substance for
County of Sonoma:

By: _____
(NAME)
Director
Permit Sonoma

Approved as to form by
County Counsel:

(Name)
County Counsel



Sonoma County Community Development Commission

Sonoma County Housing Authority

1440 Guerneville Road, Santa Rosa, CA 95403-4107

EXHIBIT C1 INDIVIDUAL

DATE

OWNER NAME

OWNER ADDRESS

OWNER CITY, STATE ZIP

Re: **PROJECT** Monitoring - **ADDRESS OF PROPERTY**

Dear **OWNER NAME:**

The above-referenced property contains a dwelling/dwellings subject to affordability restrictions under **COUNTY PROGRAM**. I am writing to introduce myself as the affordable housing programs monitor for the Sonoma County Community Development Commission. I will be your primary contact concerning the affordability requirements for your **RESTRICTED UNIT**.

Enclosed for your use are the following documents you will need to ensure ongoing compliance with the **COUNTY PROGRAM** affordability requirements:

1. Recorded Affordable Rental Housing Agreement

This is the agreement that requires that the Second Dwelling Unit on your property be rented or leased to a low-income tenant at an affordable rent. Whenever the unit becomes vacant, the agreement requires that the owner actively market the unit and rent to a tenant that is income eligible. The agreement also requires that the property owner pay a \$75 compliance and monitoring fee annually. The term of the agreement is 30 years, starting from the date that Building Permit **NUMBER** was finalized, **DATE**. The agreement will remain in place until **DATE**. This agreement runs with the land, and compliance is the responsibility of the current owner.

2. Income and Rent Limit Tables

The Commission updates these tables annually, when the United States Department of Housing and Urban Development (HUD) issues the new income limits, usually in late winter or early spring. In order to be eligible to occupy your affordable 2nd dwelling unit, an applicant must have an income at or below that listed in the **##%** income limit column for his or her household size. The applicable rent limit is the **#**-bedroom rent in the low-income rent limit column. Currently this limit is **\$LIMIT** minus the utility allowance (See Item 3).

3. Utility Allowance Schedule and Worksheet

These forms will allow you to determine the annual utility allowance for your affordable second dwelling unit. To determine the maximum rent you may charge, you will subtract the approved utility allowance from the applicable rent limit. The Sonoma County Housing Authority updates the Utility Allowance Schedule annually, and I will send you a revised schedule each year, usually in late summer or early fall. Follow the instructions on the worksheet to calculate the utility allowance for your affordable second dwelling unit and return the worksheet to me for review.

4. Certificate of Continuing Program Compliance

On this Certificate, you will certify annually whether your affordable second dwelling unit remained in compliance with the requirements of the program during the previous year. If you experience a period of non-compliance, the Certificate includes space for you to explain the default(s) and provide a timeline to correct the non-compliance. On an annual basis, the Certificate is due by January 31 each year for the previous year ending December 31.

Additionally, within 30 days of initial occupancy of your restricted unit(s), please complete and submit this form.

5. List of Restricted Unit Tenants

We ask that you complete and submit this form with the Certificate of Continuing Program Compliance by January 31 each year.

To determine an applicant or current tenant's eligibility to occupy your affordable 2nd unit, please request a copy of his or her most recent federal income tax return. To be eligible, the applicant/tenant's adjusted gross income must be less than or equal to the income limit for his or her household size.

Each year, on the anniversary of the tenant's move-in month, please recertify the household's income eligibility. Please keep copies of your income certifications in an on-site tenant file and available for review upon the Commission's request.

Additionally, within 30 days of initial occupancy of your restricted unit(s), please complete and submit this form.

If you have any questions about these documents or require any assistance during the term of affordability for **DEVELOPMENT**, please do not hesitate to contact me at 707-565-7507 or First.Last@sonoma-county.org. I will be happy to answer your questions over the phone, by e-mail, or in a meeting with you. I look forward to working with you.

Sincerely,

NAME

OWNER NAME
PROJECT Monitoring
DATE
Page 3

Senior Community Development Specialist

enclosures

DATE

OWNER NAME
 OWNER ADDRESS
 OWNER CITY, STATE ZIP

Re: PROJECT Monitoring

Dear OWNER NAME:

I am writing to introduce myself as the Affordable Housing Programs Monitor for the Sonoma County Community Development Commission. I will be your primary contact concerning the affordability requirements for the XX Affordable Apartment units restricted as a condition of the \$XXXXXX loan to the property owner received from the FUNDING PROGRAM in 20XX and the \$XXXXXX loan received from the FUNDING PROGRAM in 20XX.

Annual Income and Rent Certification Compliance

Below are instructions and reference to the documents you will need to ensure ongoing compliance with the affordability restrictions on the units at DEVELOPMENT NAME:

1. Income and Rent Limit Tables

The Commission updates these tables annually, when the United States Department of Housing and Urban Development (HUD) issues the new income limits, usually in late winter or early spring.

As the property manager, you must ensure the following make-up of affordable units at DEVELOPMENT NAME:

Affordability Level	1 BR	2 BR	3 BR
HOME LOW*			
HOME HIGH*			
Extremely Low Income (30% Area Median Income)			
Very Low Income (50% Area Median Income)			
Low Income (60% Area Median Income)	10	1	1

Use the Income and Rent Limit Table to determine the appropriate income based on the number of people in the tenant's household and to determine the appropriate rent based on the number of bedrooms in the tenant's unit.

2. Utility Allowance Schedule and Worksheet

These forms will allow you to determine the annual utility allowance for your restricted unit(s). To determine the maximum rent you may charge, simply subtract the approved utility allowance from the applicable rent limit. The Sonoma County Housing Authority updates the Utility Allowance Schedule annually, and I will send you a revised schedule each year, usually in the fall. Follow the instructions on the worksheet to calculate the utility allowance for your restricted unit(s) and return the worksheet to me for review.

3. Certificate of Continuing Program Compliance

On this Certificate, you will certify annually whether your affordable second dwelling unit remained in compliance with the requirements of the program during the previous year. If you experience a period of non-compliance, the Certificate includes space for you to explain the default(s) and provide a timeline to correct the non-compliance. The Certificate is due by July 31st each year for the previous year ending June 30th.

4. List of Restricted Unit Tenants

We ask that you complete and submit this form with the Certificate of Continuing Program Compliance. This should be completed for all XX income restricted units and should include the unit number, tenant's name, bedrooms, household size, annual income, tenant paid rent, subsidy amount, and utility allowance, and any other applicable information.

5. Income Verification Forms

Income verification must be completed before a new tenant moves into a unit and annually upon the anniversary of the tenant's move-in month.

To determine a new or current tenant's eligibility to occupy an affordable apartment unit, please request that he or she submit certification of annual gross income. To be eligible, the applicant/tenant's adjusted gross income must be less than or equal to the income limit for his or her household size.

Property owners may use an income verification form provided by the CDC, an income verification form provided by another monitoring agency (such as TCAC), or tenants' federal tax returns to verify income.

Please recertify the household's income eligibility annually, using one of the above methods, keeping copies of your income re-certifications in the tenant file and available for review upon the Commission's request. NOTE: For HOME designated units there are additional rent and income verification requirements.

6. <<USE IN HOME PROJECTS ONLY>> HOME Designated Units

Per the HOME Agreement, the Commission will regularly inspect the property, individual HOME designated units and HOME unit tenant records kept on site for the duration of the affordability period (55 years). The Commission will conduct on-site inspections on a regular schedule starting in June 2014. Below is detailed information about HOME compliance.

Initial Tenant Eligibility Certification

When a new tenant moves into a HOME designated unit the owner must verify income according to Section 92.203 of the HOME Final Rule. The initial income verification must examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation statement) for the family. Annual income shall include income from all persons in the household. A single definition of annual income (as described in 24 Section 92.203(c)) must be used within a project to ensure that all applicants and tenants are treated equitably. The chosen definition should coordinate with other funding sources for the project.

Annual Tenant Eligibility Re-Certification

For each HOME-assisted unit, income must be recertified annually upon the anniversary of the tenant's move-in date. To recertify, the property owner may use the recertification process performed for another agency, such as TCAC or follow the guidance in the HOME regulations.

If it is determined that a tenant in a HOME-assisted unit is over-income, the owner may need to change the designated HOME unit to another unit in the complex or make the next available unit available to an income eligible tenant.

The owner must also notify the Commission when a new lease is signed or when there is an adjustment in the rent amount.

Site Visits

- a. In compliance with the 2013 Final HOME Rule, Commission staff will visit HOME-assisted developments within 12 months after project completion, and at least once every three years thereafter during the period of affordability. If deficiencies are identified, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12 months.
- b. During the site visit, Commission staff will utilize a Site Visit Worksheet (sample attached) and complete the following steps:
 - i. Interview the property manager;
 - ii. Inspect relevant tenant files to ensure that copies of have been remitted to the Commission for their files;
 - iii. Inspect a statistically valid sample of the units; and
 - iv. Observe the general maintenance of the common areas and exterior buildings.
- c. Following each site visit, CDC staff will prepare a written report of the visit. The report will follow the same format as the Site Visit Worksheet; discuss the findings of the visit and, as appropriate, request correction of deficiencies cited in the report.

If you have any questions about these documents or require any assistance during the term of affordability for the FUNDING PROGRAM designated units at DEVELOPMENT NAME, please

OWNER NAME
PROJECT Monitoring
DATE
Page 4

do not hesitate to contact me at 707-565-7507 or First.Last@sonoma-county.org. I will be happy to answer your questions over the phone, by e-mail, or in a meeting with you. I look forward to working with you.

Sincerely,

Name
Community Development Specialist

enclosures

SONOMA COUNTY DENSITY BONUS PROGRAMS
SONOMA COUNTY SECOND DWELLING UNIT PROGRAM
COUNTY FUND FOR HOUSING PROGRAM
CALIFORNIA REDEVELOPMENT LAW

Effective June 1, 2021

Notes: (1) These Income Limits apply only to Sonoma County Community Development Commission assisted units. They are NOT to be used as a guide for programs regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a unit is regulated by more than one program.

(2) These Income Limits do not apply to CDBG, HOME or NSP restricted units. Please refer to separate schedule for these units which are regulated by federal income limits set annually by the U.S. Department of Housing and Urban Development.

INCOME LIMITS*

Persons in Household	Extremely Low Income	Very Low Income (50% Area Median Income)	60% Area Median Income	Low Income (80% Area Median Income)	Median Income (100% Area Median Income)	Moderate Income (120% Area Median Income)
1	24,450	40,750	48,900	65,150	72,300	86,750
2	27,950	46,550	55,860	74,450	82,650	99,150
3	31,450	52,350	62,820	83,750	92,950	111,550
4	34,900	58,150	69,780	93,050	103,300	123,950
5	37,700	62,850	75,420	100,500	111,550	133,850
6	40,500	67,500	81,000	107,950	119,850	143,800
7	43,300	72,150	86,580	115,400	128,100	153,700
8	46,100	76,800	92,160	122,850	136,350	163,600

*The California Department of Housing and Community Development (HCD) has made its final decision to implement a new State Income Limit Hold Harmless (HH) Policy beginning 2013.

MAXIMUM RENT LIMITS

Uses Formula in California Health & Safety Code 50052.5 & 5005.3

Please be advised that rents cannot be raised more than 10% of what was being charged before the October 2017 Wildfires per the Executive Order N-85-20 that is in effect until December 31, 2021.

Unit Size (assumed # occupants)	Extremely Low Income Rent Limit	Very Low Income Rent Limit	Low Income Rent Limit
Studio (1)	611	1,019	1,223
1 Bedroom (2)	699	1,164	1,397
2 Bedroom (3)	786	1,309	1,571
3 Bedroom (4)	873	1,454	1,745
4 Bedroom (5)	943	1,571	1,886

Subtract from the maximum rent the approved utility allowance for any utilities that the tenant pays in addition to the rent. Confirm the appropriate utility allowance with the Sonoma County Community Development Commission.

Assumption: The rents are computed on the income limits for an assumed household size equal to the number of bedrooms in the unit plus one person. For example, the rents for a 3 bedroom unit are based upon the income limits for a 4 person household.

**HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
EMERGENCY SOLUTIONS GRANT (ESG)
Effective June 1, 2021**

Notes: (1) These Income Limits apply only to Sonoma County Community Development Commission assisted units. They are NOT to be used as a guide for programs regulated by any agency other than the Sonoma County Community Development Commission. It is up to each property owner to determine which regulations preside if a unit is regulated by more than one program.

(2) These Income Limits do not apply to state or locally regulated programs (Density Bonus, Second Dwelling Unit, County Fund for Housing, California Redevelopment Law). Please refer to separate schedule for these units which are regulated by state income limits set annually by the California Department of Housing and Community Development.

INCOME LIMITS

Area Median Income for a 4-person household: \$103,300

Persons in Household	30% Area Median Income	Very Low Income (50% AMI) HOME Low	60% Area Median Income	Low Income (80% AMI) HOME High
1	24,450	40,750	48,900	65,150
2	27,950	46,550	55,860	74,450
3	31,450	52,350	62,820	83,750
4	34,900	58,150	69,780	93,050
5	37,700	62,850	75,420	100,500
6	40,500	67,500	81,000	107,950
7	43,300	72,150	86,580	115,400
8	46,100	76,800	92,160	122,850

MAXIMUM RENT LIMITS for all HOME, CDBG, and NSP Units

As set by the U.S. Department of Housing and Urban Development

Please be advised that rents cannot be raised more than 10% of what was being charged before the October 2017 Wildfires per the Executive Order N-85-20 that is in effect until December 31, 2021.

RENT LEVEL	Studio	1 BR	2 BR	3 BR	4 BR
HOME LOW (Very Low-Income - 50%)	1,018	1,091	1,308	1,512	1,687
HOME HIGH (Low Income - 65%)	1,304	1,398	1,679	1,932	2,135

Subtract from the maximum rent the approved utility allowance for any utilities that the tenant pays in addition to the rent. Confirm the appropriate utility allowance with the Sonoma County Community Development Commission.

Published 06/01/2021

**Sonoma County Housing Authority
October 2021
Attached Utility Allowances**

<i>Gas</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$12	\$15	\$22	\$26	\$30
Cooking	\$5	\$7	\$8	\$9	\$10
Water Heating	\$6	\$9	\$10	\$12	\$15
<i>Wood</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$27	\$27	\$27	\$53	\$80
<i>Propane</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$46	\$60	\$84	\$95	\$106
Cooking	\$18	\$26	\$31	\$35	\$39
Water Heating	\$26	\$35	\$39	\$48	\$57
<i>Electricity</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$31	\$45	\$65	\$81	\$99
Cooking	\$9	\$11	\$14	\$18	\$23
Water Heating	\$28	\$35	\$43	\$53	\$66
	0 BR	1 BR	2 BR	3 BR	4 BR
Other Electric	\$24	\$28	\$35	\$39	\$42
Water	\$30	\$41	\$53	\$65	\$83
Sewer	\$44	\$62	\$80	\$98	\$124
Garbage	\$25	\$25	\$25	\$38	\$38
Range	\$4	\$4	\$4	\$4	\$4
Refrigerator	\$7	\$7	\$7	\$7	\$7

**Sonoma County Housing Authority
October 2021
Detached/Mobile Home Utility Allowances**

<i>Gas</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$17	\$21	\$30	\$35	\$42
Cooking	\$5	\$7	\$8	\$9	\$10
Water Heating	\$6	\$9	\$10	\$12	\$15
<i>Wood</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$27	\$27	\$27	\$53	\$80
<i>Propane</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$64	\$80	\$109	\$122	\$139
Cooking	\$18	\$26	\$31	\$35	\$39
Water Heating	\$26	\$35	\$39	\$48	\$57
<i>Electricity</i>	0 BR	1 BR	2 BR	3 BR	4 BR
Space Heating	\$46	\$61	\$84	\$106	\$130
Cooking	\$9	\$11	\$14	\$18	\$23
Water Heating	\$28	\$35	\$43	\$53	\$66
	0 BR	1 BR	2 BR	3 BR	4 BR
Other Electric	\$24	\$28	\$35	\$39	\$42
Water	\$30	\$41	\$53	\$65	\$83
Sewer	\$44	\$62	\$80	\$98	\$124
Garbage	\$25	\$25	\$25	\$38	\$38
Range	\$4	\$4	\$4	\$4	\$4
Refrigerator	\$7	\$7	\$7	\$7	\$7

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
UTILITY ALLOWANCE WORKSHEET
INSTRUCTIONS

1. Attached/Detached. Select the correct schedule to use. Use the "Attached Utility Allowances" schedule for units that are located in multi-unit structures, and the "Detached Utility Allowances" schedule for single-unit structures.
2. Unit size. When calculating the utility allowance for a restricted unit, choose the amounts in the column under the number of bedrooms in that unit.
3. Gas, Oil, Wood, Propane and Electricity. Select the amounts for the utilities that the tenant pays that are powered by the applicable sources. For instance, if a gas furnace heats an attached 2-bedroom unit, choose the \$16 allowance at the intersection of the "2 BR" column and the "Space Heating" row underneath "Gas."
4. Other Electric. If the tenant pays for electricity, choose the amount in the column under the appropriate unit size. This amount covers electricity costs to power lights and appliances other than a stove and oven, water heater, and/or space heater. If the tenant pays the electric bill that includes costs to power a space and/or water heater and/or a stove and oven, include these amounts as well.
5. Water. If the tenant pays the water bill, choose the amount in the column under the appropriate unit size.
6. Sewer. If the tenant pays the sewer bill, choose the amount in the column under the appropriate unit size.
7. Garbage. If the tenant pays the garbage bill, choose the amount in the column under the appropriate unit size.
8. Range. If a cooking range was not included with the unit and the tenant supplies the cooking range, select the amount in the column under the appropriate unit size.
9. Refrigerator. If a refrigerator was not included with the unit and the tenant supplies the refrigerator, select the amount in the column under the appropriate unit size.
10. Add up the selected amounts and submit for approval to:
First Last, Senior Community Development Specialist
Sonoma County Community Development Commission
1440 Guerneville Road
Santa Rosa, CA 95403

SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
UTILITY ALLOWANCE CALCULATION
WORKSHEET

Use the instructions on the reverse side to assist you in determining the utility allowance for the affordability-restricted unit(s) you manage. The utility allowance covers the utility costs that the tenant pays in addition to the rent payment and is deducted from the maximum rent limit for the affordable units you manage.

Please complete a separate form for each unit of varying size, situation and utilities. For instance, if you are calculating the utility allowance for two attached 3-bedroom units and one detached 3-bedroom unit where the tenants pay for the same utilities, you will use one form for the attached units and a separate form for the detached unit. If you are calculating the utility allowance for two detached 2-bedrooms and one uses a gas stove and the other an electric stove, you will complete a separate form for each unit.

Please submit all completed and signed forms to the Community Development Commission.

Please print clearly.

Development Name: _____

Address: _____

Unit number(s): _____

Number of Bedrooms: _____ Attached / Detached (circle)

Anticipated Rent Increase Date(s): _____

Utility

Allowance

TOTAL

--

Signed: _____

Manager date

Commission Use Only

Received: _____

Approved: _____

CDC Staff

Initials: _____

Income Verification Form

To the landlord:

If the applicant to occupy your affordability-restricted unit is unable or unwilling to provide a copy of his or her most recent income tax return, please request that the applicant complete and sign this form certifying his or her annual income. The applicant must certify that his or her annual income falls at or below the applicable income limit before you may rent your affordability-restricted unit to him or her.

To the applicant:

Please complete and sign this form to certify your annual income. Refer to the IRS 1040 instructions if you require assistance. These are available online at www.irs.gov/pub/irs-pdf/i1040.pdf or at any IRS office.

Head of Household:

	Family Member				Subtotal (add a-d)
	a. HEAD	b.	c.	d.	e.
1. Wages, salaries, tips					
2. Taxable interest					
3. Dividend income					
4. Taxable refunds/credits/offsets of state and local income taxes					
5. Alimony received					
6. Business income (or loss)					
7. Capital gains (or losses)					
8. Other gains (or losses)					
9. Taxable amount of IRA distributions					
10. Taxable amount of pensions and annuities					
11. Rental real estate, royalties, partnerships, trusts, etc.					
12. Farm income (or loss)					
13. Unemployment compensation					
14. Taxable amount of Social Security benefits					
15. Other income					
16. Subtotal (lines 1-15)					
17. IRA deduction					
18. Medical savings account deduction					
19. Moving expenses					
20. One-half of self-employment tax					

Income Verification Form

21. Self-employed health insurance deduction					
22. Keogh and self-employed SEP and SIMPLE plans					
23. Penalty on early withdrawal of savings					
24. Paid alimony					
25. Subtotal (lines 17-24)					
26. Subtract line 25 from line 16. This is Adjusted Gross Income.					

I/we hereby declare under penalty of perjury under the laws of the State of California that to the best of my/our knowledge, the foregoing is true, correct and complete. I/we understand that this information will be used to determine my/our eligibility to occupy an income-restricted unit in accordance with the provisions of the Sonoma County Code.

Executed at: _____, CA
City

On: _____
Date

By: _____
Signature

Signature

Applicant Name (Please Print) Co-Applicant Name (Please Print)

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Owner Name: _____ Development Name: _____
 Contact number: _____ Address: _____
 Period Ending: June 30, 20_____
 (circle one) December 31, 20_____

I. The undersigned does hereby certify that:

A. During the preceding reporting period

1. The above named development was continually in compliance with the following (check the appropriate documents and programs):

- ☐ a. The Affordable Housing Agreement or Rental Development Agreement and all regulations of the applicable Sonoma County housing program(s).
☐ b. The HOME Developer Agreement, the HOME Loan Agreement (where applicable) and all regulations of the HOME program.
☐ c. The CDBG Subrecipient Agreement, related regulatory documents, and regulations of the CDBG program; and

2. _____ of the units in the development were occupied by Very Low- or Low-Income Tenants, as required in the Affordable Housing Agreement or Rental Development Agreement; and
 3. _____ of the units in the development were occupied by Very Low- or Low-Income Tenants, as required in the HOME Developer Agreement and HOME Loan Agreement; and
 4. _____ of the units in the development were occupied by Very Low- or Low-Income Tenants as required in the CDBG Subrecipient Agreement and related regulatory documents;
 5. All buildings and units in the above name development were continually suitable for occupancy.
 6. Any limitations on tenancy placed on the unit when the Affordable Housing Agreement or Rental Development Agreement was signed were met (e.g. mental or physical disability, veteran, senior, formerly homeless); **EXCEPT:**

- B. A default with the requirements of the foregoing checked documents occurred as follows (Describe Default or write "N/A" if no default):

The Owner has taken, is taking, or will take the following measures to remedy such default (please state the timing of the remedy):

II. Attached hereto is a separate sheet or sheets containing the following information regarding the restricted units as of the final day of the reporting period:

A list of the units restricted under one or more of the aforementioned programs, containing, at a minimum: (1) unit numbers, (2) the surname of the head of household in each unit, (3) the designated County of Sonoma rent restriction(s) (e.g. Density Bonus, 2nd Dwelling Unit, LI RDIP, VLI RDIP, Inclusionary Housing, HIGH HOME, LOW HOME, CDBG, etc.) that apply(ies) to each unit, (4) the number of bedrooms in each unit, (5) the number of occupants in each unit, (6) the verified annual income of each household, (7) the rent for each unit, including a breakdown of tenant and Section 8 shares of rent for any tenants who receive Section 8 rental assistance, and (8) the approved utility allowance for each unit, if applicable. (9) any tenancy restriction, such as senior, individual with a developmental disability, veteran, formerly homeless individual, if applicable;

The undersigned does hereby certify that the representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

By: _____ Date _____
 Title: _____

Print Name _____

Mail to: VALERIE JOHNSON
 SONOMA COUNTY COMMUNITY DEVELOPMENT COMMISSION
 1440 GUERNEVILLE ROAD, SANTA ROSA, CA 95403

TENANT ROSTER
DEVELOPMENT NAME
DEVELOPMENT ADDRESS
 LAST UPDATED XX/XX/XXXX

Unit	Tenant Name	Last Income Verification Date	Bedrooms: 0 or shared?	Household Size	Annual Income	Unit Type - Individual or shared SRO?	Lower of CFH and HOME Rent Limit	Monthly Rent	2013 UA	Total Rent	Rent Okay?	Rental Assistance	Comments	Date
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			
									\$0	\$0	no			

Averages: #DIV/0! #DIV/0! #DIV/0!
 Average Rent as % of Average Income: #DIV/0! Average Income as % of 3 person HH Median Income:

Property Manager:

TOTAL UNITS: XX

**(NAME OF DEVELOPMENT) SITE VISIT WORKSHEET
(DATE OF VISIT)**

Incentives and Funding Sources:

HOME: \$XXX,XXX

CDBG: \$XXX,XXX

RDIP: \$XXX,XXX

Density Bonus: XX%

Restricted Units:

Low HOME:

High HOME:

Other:

I. OFFICE VISIT

A. Discussion

Prior Issues: (COMPLETE PRIOR TO SITE VISIT)

Standard Questions for Manager:

1. What types of residents make up the households? Seniors, families, singles, special needs?

2. What is the social climate at the development? Do the residents socialize together? Do they keep to themselves? Is there ever any tension or do they get along well?

3. Are there any regular social programs on site for the residents, run either by management or outside agencies?

4. Have any other agencies inspected the development recently? If so, were any issues of concern identified? When do you expect the next visit from another agency?

5. Are there any planned changes or improvements to the buildings or grounds?

6. Has crime been a problem?

7. Have you noted any recent gang activity in or near the complex?

8. What kind of turnover does the development experience?

9. Do you have a preventive maintenance schedule in place? (If yes, ask for a copy.)

10. Are there any problems or concerns we haven't asked about that you would like to mention?

B. File Review (Compare CDC files with on-site files)

HOME Units:

Unit # _____ HIGH / LOW Tenant Name _____

BR # _____ Max Rent: _____ HH size: _____ Max Income: _____

<input type="checkbox"/> Income Verification	Date _____	Annual Income _____	<input type="checkbox"/> OK
<input type="checkbox"/> Lease	Date _____	Current Rent _____	<input type="checkbox"/> OK
<input type="checkbox"/> CDC file up-to-date			

Notes: _____

Unit # _____ HIGH / LOW Tenant Name _____

BR # _____ Max Rent: _____ HH size: _____ Max Income: _____

<input type="checkbox"/> Income Verification	Date _____	Annual Income _____	<input type="checkbox"/> OK
<input type="checkbox"/> Lease	Date _____	Current Rent _____	<input type="checkbox"/> OK
<input type="checkbox"/> CDC file up-to-date			

Notes: _____

Unit # _____ HIGH / LOW Tenant Name _____

BR # _____ Max Rent: _____ HH size: _____ Max Income: _____

☐ Income Verification Date _____ Annual Income _____ ☐ OK
☐ Lease Date _____ Current Rent _____ ☐ OK
☐ CDC file up-to-date

Notes: _____

Other Units:

Unit # _____ DB / RDIP / Incl. VLI / LI Tenant Name _____

BR # _____ HH size: _____ Max Rent: _____ Max Income: _____

☐ Income Verification Date _____ Annual Income _____ ☐ OK
☐ Lease Date _____ Current Rent _____ ☐ OK
☐ CDC file up-to-date

Notes: _____

Unit # _____ DB / RDIP / Incl. VLI / LI Tenant Name _____

BR # _____ HH size: _____ Max Rent: _____ Max Income: _____

☐ Income Verification Date _____ Annual Income _____ ☐ OK
☐ Lease Date _____ Current Rent _____ ☐ OK
☐ CDC file up-to-date

Notes: _____

Unit # _____ DB / RDIP / Incl. VLI / LI Tenant Name _____

BR # _____ HH size: _____ Max Rent: _____ Max Income: _____

☐ Income Verification Date _____ Annual Income _____ ☐ OK
☐ Lease Date _____ Current Rent _____ ☐ OK
☐ CDC file up-to-date

Notes: _____

C. Additional Notes

II. UNIT INSPECTIONS

N: No Concerns C: Concerns

Unit # _____ BR # _____ HOME: L / H / n/a HH size: _____ Accessible? Y / N / Adapted

<input type="checkbox"/> NC	<input type="checkbox"/> C	Physical Condition	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Safety Hazards	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Access to Unit	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Garbage & Debris	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Smoke Detector	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Private Garden	Comment: _____

Notes: _____

Unit # _____ BR # _____ HOME: L / H / n/a HH size: _____ Accessible? Y / N / Adapted

<input type="checkbox"/> NC	<input type="checkbox"/> C	Physical Condition	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Safety Hazards	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Access to Unit	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Garbage & Debris	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Smoke Detector	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Private Garden	Comment: _____

Notes: _____

Unit # _____ BR # _____ HOME: L / H / n/a HH size: _____ Accessible? Y / N / Adapted

<input type="checkbox"/> NC	<input type="checkbox"/> C	Physical Condition	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Safety Hazards	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Access to Unit	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Garbage & Debris	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Smoke Detector	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Private Garden	Comment: _____

Notes: _____

III. THE GROUNDS, COMMON AREAS AND BUILDINGS

<input type="checkbox"/> NC	<input type="checkbox"/> C	Landscape Maintenance	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Garbage & Debris	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Safety Hazards	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Parking Area Maintenance	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Building Exterior Maintenance	Comment: _____
<input type="checkbox"/> NC	<input type="checkbox"/> C	Community Garden	Comment: _____

Notes (consider maturity of landscaping relative to last visit, community garden, personalized apartment entries, damage and upkeep, etc.):



Sonoma County Community Development Commission

Sonoma County Housing Authority

1440 Guerneville Road, Santa Rosa, CA 95403-4107

HOME PROGRAM AFFIRMATIVE FAIR HOUSING MARKETING REQUIREMENTS AND PROCEDURES [24 CFR 92.351 (a)]

In accordance with the regulations of the Home Investment Partnership (HOME) (92.351(a)), and in furtherance of the Sonoma County Community Development Commission (Commission)'s commitment to ensure equal opportunity and affirmatively further fair housing, the Sonoma County Community Development Commission (Commission) has established procedures to affirmatively market all projects resulting in five (5) or more HOME-assisted units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability.

The Commission is committed to meeting the goals of affirmative marketing and will therefore require all subrecipients receiving HOME funds adopt policies and procedures that inform the public and potential tenants of its Affirmative Fair Housing Marketing Plan (AFHMP).

AFHM Plan Requirements

All subrecipients of HOME funds must prepare an Affirmative Fair Housing Marketing Plan (AFHMP) – Multifamily Housing form (see Appendix A) in order to receive HOME funds. The AFHMP must be filled out completely including all applicable worksheets, and all procedures described must be followed.

A copy of the AFHMP must also be remitted to the Commission for recordkeeping. The Construction Services and Affordable Housing Manager shall be responsible for approving the submitted marketing plan.

Recordkeeping

For each HOME funded project, the subrecipient shall establish and maintain an Affirmative Marketing file to hold advertisements, flyers, and other public information documents to demonstrate that the appropriate logo and language have been used. Additionally the subrecipient shall keep records of its activities in implementing the affirmative marketing plan for each project, including other community outreach efforts and its annual analysis (see "Assessing Success" paragraph below).

For each HOME funded project, the subrecipient shall keep up-to-date records based on



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FAX (707) 565-7583 • TDD (707) 565-7555



census data, applications, and surveys about community residents, applicants, residents of the project, and records about tenant selection or rejection.

For each HOME funded project, the subrecipient shall provide the Commission staff access to any pertinent books, documents, papers or other records, as necessary for determining compliance with civil rights and nondiscrimination requirements.

The Commission will maintain records of the actions it has taken and actions taken by its subrecipients to affirmatively market affordable units and records to assess the results of these actions.

The Commission will maintain the Affirmative Fair Housing Marketing Plan that is currently applicable in the ongoing monitoring file for each project with five or more designated HOME units.

Assessing Success

The subrecipient will annually assess the success of affirmative actions for each HOME funded project. If the demographic data of the applicants and residents vary by more than 20% from the jurisdiction's population data, advertising efforts and outreach will be targeted to underrepresented groups in an attempt to balance the applicants and residents with the demographics of the jurisdiction. The assessment and evidence of any corrective action taken will be submitted to the Commission annually.

Every year, the Sonoma County Community Development Commission will review the Affirmative Marketing Plan and annual assessment conducted by the subrecipient for each project with HOME funds.. The review will assess the success of affirmative marketing actions and will determine what corrective actions are needed, which may include submission of an update by the subrecipient if needed to ensure compliance.

HOME PROGRAM
MINORITY OUTREACH PROCEDURES
[24 CFR 92.351 (b)]

In accordance with the regulations of the Home Investment Partnership (HOME) (92.351(b)), it is the policy of the Sonoma County Community Development Commission (Commission), in administering and implementing its HOME Investment Partnerships (HOME) Program and its projects, to involve minorities and women, including minority business enterprises and women business enterprises, to the fullest extent possible. This relates, where necessary, to minority and women vendors, financial institutions, underwriters, accountants, and providers of specialized legal services, in all contracts entered into by the Commission, in the provision of affordable housing for lower income households.

The Commission will take affirmative steps to assure that small business enterprises, minority business enterprises, and women business enterprises are used when possible in the procurement of property, goods, and services. Affirmative steps may include, but are not limited to, the following:

1. Placing known, available, and qualified small business, minority business, and women business enterprises on solicitation lists for HOME Program activities;
2. Assuring that small business, minority business, and women business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements when economically feasible, into smaller tasks or quantities to permit maximum participation by small businesses, minority businesses, and women business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small business, minority business, and women business enterprises;
5. Using the services and assistance of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce; and
6. Requiring prime contractors, if subcontractors are to be let, to take the affirmative steps listed in items 1 through 5 of this paragraph.

APPENDIX A
HUD Affirmative Fair Housing Marketing Plan – Multifamily Housing



Sonoma County Community Development Commission
Sonoma County Housing Authority

HOME Program Financial Stability Assessment Procedures [24 CFR 92.504(d)(2)]

92.504(d)(2) states, “The participating jurisdiction must have and follow written policies, procedures, and systems, including a system for assessing risk of activities and projects and a system for monitoring entities consistent with this section, to ensure that the requirements of this part are met.”

In accordance with the regulations of the Home Investment Partnership (HOME) 24 CFR 92.504(d)(2), the Sonoma County Community Development Commission (Commission) has established procedures to annually examine the financial condition of all HOME-assisted rental projects with 10 units or more to determine the continued financial viability of the housing and to take action to correct problems to the extent feasible.

Responsibilities for HOME-assisted rental projects

All HOME-assisted rental projects are required to submit to the Commission on an annual basis a financial statement on the operation of the DEVELOPMENT with sufficient information, in COMMISSION’s sole opinion, to enable the COMMISSION to determine the continued financial viability of the DEVELOPMENT for the term of the HOME Developer Agreement.

Furthermore, all developers must meet the following Audit Requirements:

“CONTRACTOR shall comply with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. , except as otherwise specified in the HOME Developer Agreement.

Specifically, DEVELOPER shall obtain an annual program specific or single audit, as required. DEVELOPER shall provide a copy of such audit together with any management letters and supplementary or related audit letters or reports to COMMISSION within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the DEVELOPER’s fiscal year. The audit shall include a supplementary schedule showing all revenues and expenditures of HOME funds and other federal funds for the fiscal year.”

Responsibilities for the Commission

The Commission will review audited financials for all HOME-assisted rental projects with 10 units or more and prepare an annual financial review report using the template attached as Exhibit A.

Should Commission staff make a determination that the continued financial viability of the housing is at risk, the concern will be brought to the attention of all responsible parties for the project, and the responsible party will be directed to take action to correct the problem, using whatever means are allowed by the regulations of the HOME program.

Recordkeeping

For each HOME funded project, the managing entity shall provide the Commission staff access to any pertinent books, documents, papers or other records, as necessary for determining the financial condition of the project.

The Commission will maintain records of the annual financial review report conducted for each development.

The Commission will also maintain records of actions it has taken and actions taken by its subrecipients to correct problems that threaten the financial viability of HOME-assisted housing units.

EXHIBIT A:

Annual Financial Review Report Template

Property Name:	
HOME Funding Received:	
Amount:	
Year:	
Other Funding Received:	
Restricted Units:	
Low HOME:	
High HOME:	
Other Restrictions:	
Date Audit Completed:	
Date Audit Submitted: <i>Due 30 days after audit completed or 9 months after end of organization's fiscal year</i>	
Was the audit conducted in accordance with all Federal standards? <i>Audit narrative should state the standards used in testing the organization</i>	
Financial Statements	
Conduct general review of income and expenses	
Does the property have sufficient positive cash flow?	
Notes to Financial Statements	
Organizational Structure—have there been any changes to the organizational structure? <i>e.g. conveyance of property at end of tax credit compliance period</i>	
Are there any accounting practice issues?	
Does the property have replacement reserves that match the requirements of all funders and regulators?	
Does the property have operating reserves that match the requirements of all funders and regulators?	?
Review Notes Payable	?
Review excess cash procedures to ensure that narrative matches illustrated distributions.	?
Supplementary Information	

<p>Is there a report of any distributable cash due to the Commission? <i>If so, notify Accounting</i></p>	
Review Auditor's Report on Internal Control	
<p>Are there any audit findings for the property? <i>If there are findings this means the loan is at risk of default. Review with Commission Accounting Division and with Affordable Housing and Constructions Services Manager. Request a report on how finding has been addressed or will be addressed. Examples of findings include: uninhabitable units, inappropriate accounting, property damage that has been left unrepaired, reserve draw downs that are not repaid, failure to maintain unit accessibility standards</i></p>	

Attachment I to Exhibit 7-20
Reviewer's Guide for Financial Management Review of
HOME Participating Jurisdictions (PJs)

This Attachment is designed to assist reviewers in conducting financial management reviews of HOME PJs. It provides useful questions to ask and information to aid in answering certain (but not all) questions contained in Exhibit 7-20, "Guide for Review of Financial Management." The numbers below correspond to the question numbers in this Exhibit.

A. FINANCIAL MANAGEMENT SYSTEM

1. Does the PJ record amounts budgeted for eligible activities as specified in the HOME regulations?

Review Procedures:

- a. Ask for a copy of the budget.
- b. Ask for a copy of the detailed expenditure report.
- c. Take the PJ's latest final/annual report and see if the PJ is using the list of activities in its accounting records.

- 2.a. Does the PJ record an obligation when contracts are executed, purchase orders issued, etc.? **NOTE:** If obligations are not recorded, the PJ should maintain information on obligations that is readily accessible.

Review Procedures: Look at the detailed transaction ledgers or expenditures ledger or purchase order journal, any of which may be the source of encumbrance information or obligations information.

- 2.b. Based upon a selected or random sample, are expenditures supported by invoices, contracts, or purchase orders, etc.?

Review Procedures: Using a selected or random sample, review these entries to the expenditures ledger and the source documentation. "Adequate support" means that the source documentation contains a description of what the funds were spent on, that proper signatures and approvals were obtained, and the purpose and amounts match.

3. If the accounting system is on a cash basis, can the PJ support accrual data in the Integrated Disbursement and Information System (IDIS) and the Consolidated Performance and Evaluation Report (CAPER) from documentation on hand?

AND

4. If the accounting system provides for accrual of expenditures, does the information reported to HUD reconcile with accounting records?

Review Procedures:

- a. Ask the PJ if its accounting system is on a cash or modified accrual basis.
 - b. Check the PR 27 Status of Funds Report and the CAPER. Check to see if the reports reflect costs and program income. This is the proof of accuracy.
 - c. Most PJs will have monthly reports of receipts and expenditures. If the PR-27 report were completed on a cash basis, it would total the same as all local reports combined. If the report was prepared with accrual data, it will include expended funds plus what is due and payable. Review fiscal year-end reporting on the grant program, the trial balance, cost accounting reports, budgetary summary or expenditure reports to confirm the figures in the PR-27 report. The figures should be the same with no adjustments necessary.
 - d. Among the costs that might be accrued as administrative costs paid with HOME funds are payroll (incurred but not to be paid in a week, for example); or direct or indirect costs such as utilities, space, telephone.
 - e. See if adjustments in the PJ's records that reflect accruals are also reflected in the PR-27 report.
5. Does the PJ identify expenditures with respect to the grant program?

Review Procedures:

- a. Identify cash accounts for grant funds.
 - b. Make sure you are looking at all the cash accounts.
 - c. Ensure that revenue accounts exist for program income.
 - d. Review expenditure ledger(s) (often a single level of information on expenditures against budgeted amounts/encumbrances and obligations, etc.).
6. Does the PJ identify expenditures by specific grant year?

Review Procedures: Most PJs will keep grant-by grant data, but plan a fiscal year program that is funded by grants. Select an item included on the PR-27 report and trace it back to the accounting records to ensure this same item is in the accounting records.

- 7.a. Does the PJ identify expenditures in its accounting records that clearly identify the use of HOME funds for eligible costs?

Review Procedures:

- a. Check the project expenditure report. Some PJs will have reports that are comprehensive, while others show information in various parts of their accounting system.
- b. The PJ is to show how it expends grant funds by eligible activity. You cannot just show outlays or a general item like expenditures. Look at the detailed expenditure report.

C. INTERNAL CONTROLS

11.a. through i.

- a. Does the PJ have an organization chart that sets forth the actual lines of responsibility?
- b. Are duties for key employees of the PJ defined?
- c. Has the PJ obtained fidelity bond coverage for responsible officials?
- d. Does the PJ's chart of accounts include a complete listing of the account numbers used to support the control needed to ensure that resources used do not exceed resources authorized?
- e. Do the PJ's approval controls provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management's general or specific criteria?
- f. Do the PJ's controls over the design and use of documents and records provide reasonable assurance that transactions and events are properly documented, recorded, and auditable?
- g. Do the PJ's segregation of duties controls effectively reduce the opportunity for someone to perpetrate or conceal errors or irregularities in the normal course of duties?
- h. Is it clear that all personnel are responsible for communicating upward the PJ's operating problems and noncompliance with laws and regulations?
- i. Do the PJ's internal control procedures support its ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements? (One level of assurance of the accuracy and integrity of data is provided by the attainment of an unqualified opinion on the audited annual financial statements and internal controls.)

Review Procedures:

- a. Ask whether there are written procedures that clearly define employee duties; the procedures for accounting activities such as recording entries; making journal entries; reconciling the accounting records; balancing subsidiary, ledger and control accounts; authorizations; bonding; handling checks, property and other valuables; managing loans, etc.
- b. Check the most recent audit of the PJ's financial management system (either an A-133 audit or an Independent Public Accountant audit of the PJ). If the audit does not show any weaknesses, this may be enough, especially if you have found no problems in this area in the past. Place a heavy reliance on the audit coverage of internal controls for this aspect of the PJ's financial management system.
- c. You may determine an area or areas not covered by the audit and randomly select some activities in the area or areas to test this/these part(s) of the system yourself.

E. PROGRAM INCOME

13. Are revenue-generating activities being undertaken?

Review Procedures: Ask about how much money has been generated in the time period between the start of the PJ's program year and the date of this monitoring. (Looking at the current year's budget may not evidence revenue-generating activities as the income could be coming from prior year activities.)

14. If revenue-generating activities are being undertaken, has the PJ established revenue accounts to record program income?

Review Procedures:

- a. Ask how it accounts for the revenue.
 - b. Check to see if there are receivables in the accounting records (and Chart of Accounts) to record revenues. The key is that the PJ must have a mechanism in place to record revenues when the transaction happens.
 - c. It is best to have revenues go into the grant cash account for which a daily cash balance report is available (or generated from a computerized system).
 - d. Check trial balance to see if such accounts are set up.
 - e. Check to see if the Action Plan reflects program income anticipated.
16. Does the PJ disburse program income to pay program costs before making cash withdrawals from the U.S. Treasury?

Review Procedures: Determine whether the cash account is used so that program income received (principal and interest payments, rental income, etc.) is used to pay program costs first. If something has been paid, ask for records or information on the accounts.

F. SALARIES AND WAGES

20. Are direct salaries and wages of employees chargeable to one grant program or cost objective based on payrolls documented in accordance with the generally accepted practice of the PJ and approved by a responsible official?

Review Procedures:

- a. Review time distribution sheets especially where the administering department administers other Federally- or locally-funded activities.
- b. Detail Testing: Scan through a list of transactions. Select 1 or more payroll transactions. Test the transaction(s) for purpose, benefit and how it was/they were paid.

G. INDIRECT COSTS

21.
 - a. Are indirect costs charged to the program?
 - b. If indirect costs are charged to the program, have Cost Allocation Plans and/or an Indirect Cost Rate proposal been developed in accordance with OMB Circular A-87, Attachments C and E?
 - c. Is there any evidence to indicate that costs are not billed in accordance with the Indirect Cost Rate?

Review Procedures:

- a. Prior to the monitoring:
 - Check the most recent OMB Circular A-133 audit report (if PJ is subject to the A-133 requirements) to see:
 - if any indirect costs were charged;
 - if any findings were made; and, if so,
 - the status of such findings.
 - Check any monitoring reports for indirect costs findings.
 - If HUD does not already have the PJ's Cost Allocation Plan (CAP) and an Indirect Cost Rate (ICR) Proposal, call and ask for copies of the CAP and ICR. Determine if HUD is the cognizant agency.
- b. During monitoring, review indirect costs, using one or more of the following methods:
 - » document review;
 - » interviews;
 - » testing transactions.
- c. Detail Testing: Scan through a list of transactions. Select 5 or 10, including audit costs; payment for a CAP; supplies; and some contracts (could be for several benefiting objectives). Test the transactions for purpose, benefit and how they were paid.

H. MINORITY-OWNED FINANCIAL INSTITUTIONS

22. Has the PJ used minority-owned financial institutions in conjunction with the grant program? (**Note:** Because PJs are not required to use minority-owned financial institutions, but *encouraged* to do so pursuant to 24 CFR 92.351(b), a "No" response to this question would **NOT** constitute a finding.)

Review Procedures: It is consistent with the regulations to inquire as to the PJ's use of minority-owned financial institutions for informational purposes, even though PJs are not required to do so. We are to indicate that HUD, as do other federal agencies, encourage PJs to use such financial institutions whenever possible.

I. OMB CIRCULAR A-133: AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

- 25.a. Does the PJ's written agreement with state recipients and subrecipients contain the requirement of following OMB Circular A-133 audit requirements?

Review Procedures: Review contracts and/or agreements between the PJ and State recipients or subrecipients for references to applicable audit requirements.

29. Did the PJ ensure that audit reports of its State recipients and subrecipients that expended \$500,000 or more in Federal awards in the fiscal year were submitted within thirty (30) days after receipt of the auditors report, but not later than nine months after the end of the audit period?

AND

32. Did the PJ ensure that the State recipient or subrecipient took appropriate and timely corrective action on audit findings?

Review Procedures: Ask for copies of audits submitted to the PJ. Review the reports for findings or questioned costs and determine whether the PJ has procedures in place to resolve the findings in the audit.

36. What is the PJ's process for reviewing and reaching determinations regarding the findings in the State recipient and subrecipient audits?

Review Procedures:

- a. Determine whether the PJ has a process for handling its audit findings.
- b. Who is in charge of the process?
- c. What procedures are in place to resolve audit findings and questioned costs?
- d. Interview parties responsible for taking action to resolve audit findings.
- e. If there were CPD or cross-cutting findings for which HUD CPD is the cognizant agency, review the follow-up actions that were, or are being, taken to implement the management decisions.