



### **Housing Grants for Very Low Income ( Grants )**

***Budget:*** Annual allocation to be determined pursuant to the Agency's budget process and in conformance with the Agency Five —Year Implementation Plan.

***Goal:*** To provide very low-income residents with sufficient funds to address health and safety deficiencies, exterior deterioration of their properties, and if funds are available, to fund other needed improvements to improve the quality of their lives.

***Grant Maximum:*** Housing Grants shall be provided in amounts of up to \$25,000 for very low-income (up to 50% of median income) persons or households on a citywide basis. Housing Grants are funded to first address health and safety issues and exterior deterioration, and secondly, other improvements that would improve the general character and living environment of the housing unit.

***Interest Rate:*** No interest rate is charged on the Housing Grants.

***Eligibility:*** Homeowner of a single—family home with an annual income determined to fall within the Very Low Income category (see Appendix 1 for definitions of income category, what constitutes income and the current [2002] median income levels for Los Angeles County). The home to be improved must be the primary residence of the person or persons applying for Grant. For the purposes of this program, Homeowner shall mean that person, or persons jointly, who has/have legal title to an eligible dwelling. Homeowner shall also mean and include a person, or persons jointly, who is/are the trustor(s) and beneficiary(ies) during his/her/their life or lives of the trust estate under a Family or Living Trust.

***Grant Terms:*** Grants may not be combined with any other type of program assistance. Applicants may only receive one grant during a 10-year period. The recipient must hold the property for at least a 12-month term or the Grant must be repaid in full. The property owner must enter into an affordability covenant, in the form of a trust deed for a 10-year period. The Grant obligation would be forgiven in equal amounts (1/10 of grant amount) over a 10-year period. If the property is sold during the 10-year period to another qualified recipient (very low income family or person) the covenant can be



transferred to the new owner. If the property is sold before the end of the 10-year period to a non-qualified purchaser or is no longer in compliance (i.e. not occupied by Grant Recipient) or the new owner did not want to assume the covenant (trust deed), the remaining grant obligation would become due and payable to the Agency with such proceeds returning to the Housing Fund. A non-qualified purchaser is a person or family whose annual income exceeds the Very Low Income definition as defined by State Law (see Appendix 1).

**Security:** Grant Covenants will be in a subordinate position only to the existing trust deeds. The Grant will be secured by trust deed and shall not be subordinated to any loan due to refinancing. The Agency may consider subordinating its position under the following conditions:

- A Fair Market appraisal of the property is obtained by the lender, the cost of which will be paid by the Homeowner.
- A copy of the appraisal is submitted to the Agency for its review.
- All debt on the property does not exceed 80% of the property value.

The Homeowner does not receive cash out of the new loan unless the owner can prove that the cash will be used only to cure an emergency situation pertaining to the condition of the property or will be used for medical reasons, which is verified by the Agency. The cash out of the refinancing may not be used to consolidate existing household or credit card bills.

**Title:** A Homeowner who is a trustor/beneficiary under a Family or Living Trust shall submit to the Agency's Executive Director, on each subsequent anniversary date of the Grant provided hereunder, a declaration executed under penalty of perjury under the laws of the State of California attesting to the fact that the Trust has not been modified and that the trustor/beneficiary is still the beneficiary under the trust. Failure to submit such a declaration annually shall be deemed a default under these Guidelines.

**Cost of Grant:** Homeowner costs associated with processing the Grant (title policy, escrow, notary, recording documents, appraisals, loan processing fee, and credit reports) will be paid for from Grant proceeds. **If a Grant is cancelled during the application process, any funds expended by the Agency in conjunction with the Grant application (i.e. appraisal cost) are to be reimbursed by the property owner; if the Agency has not expended such funds but costs have been incurred, payment is the responsibility of the property owner and the cost shall be deducted from the property owner's deposit.**



***Permitted uses for Grant Funds:*** The Grant proceeds may be used for rehabilitation activities in the following order of priority.

- *First - To Correct All Code Violations* - Electrical, plumbing, heating and air conditioning, and structural building deficiencies that are in violation of current building codes. Correction of any safety problems not covered by codes, such as broken windows, lack of window screens, doors and the provision of facilities for handicapped access.
- *Second - To Refurbish Exterior Items* - New roofs, rain gutters, conversion of carports to garages, garage and entry door replacement, fencing replacement, and driveway/walkway repairs.
- *Third - Exterior Cosmetic Improvements* - Repainting, replacing dried or broken landscape materials and/or inoperable irrigation systems, and replacing broken or damaged awning improvements.
- *Fourth - Security Improvements* - Upgrade door and window locks, installing security lighting and doors and security-related fencing.
- *Fifth - Energy Efficiency Improvements* - Heating and cooling system replacement/upgrades, install insulation, ceiling fans, weather stripping, water heater replacement, and low flow plumbing fixtures.
- *Sixth - Interior Improvements (necessary to improve general living conditions)* - Interior paint, wall coverings, new flooring, repair of existing hardwood flooring, needed kitchen appliances (built in only), replacement of deteriorated kitchen or bathroom cabinets, replacement of counter tops with mid grade tile or Formica, replacement of inoperative lighting fixtures etc. Such items would be allowed only at mid grade quality.
- *Improvements that are not to be funded by Grant* - Indoor and outdoor fireplaces, pools, Jacuzzis, hardwood flooring, expensive counter tops, washers, dryers, barbecue pits, flower boxes, greenhouses, family rooms, new patios or deck construction, decorator planters, custom concrete work on driveways and walkways, detached workshops and/or other non-permanent structures and improvements considered to be a luxury as determined by the Executive Director.
- *Work Conducted Under Program* —All work conducted under the Grant must be performed with approved building permits and by state licensed contractors. Building permit fees shall not be waived by the City.



***Emergency Work:*** The Executive Director may authorize up to \$2,500 for emergency repairs while a grant application is being processed. In the event an emergency grant is approved, the Executive Director will report such grant to the Agency Board within 10 days thereafter.