



**City of Santa Cruz
Housing and Community Development Program
Consolidated Plan 2010-2015**

IIII

**Policies and Procedures Manual
2013-2014 Program Year**



Economic Development and Redevelopment Department
Housing & Community Development Division
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City of Santa Cruz Housing and Community Development Program

POLICIES AND PROCEDURES MANUAL

2013-2014 Program Year

**Community Development Block Grant
Home Investment Partnerships Program**



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Introduction

The City of Santa Cruz administers two main sources of funding through its Housing and Community Development Program (HCD). The Community Development Block Grant Program (CDBG) and the Home Investment Partnerships Program (HOME) are used to support activities which benefit low- and moderate income households.

This manual sets forth policies and procedures for the administration of programs and projects funded by the City of Santa Cruz CDBG and HOME programs. Although some portions of these procedures are complicated and involve complex Federal regulations and policies, this manual summarizes the essential elements for proper program operation.

No handbook can address every type of administrative/accounting problem or situation that may arise during the course of the contract year; therefore the City's HCD staff is available to respond to requests for clarification or additional information.

In the event that new procedures or policies are implemented during the contract period, HCD staff will provide timely notification and technical assistance.

This manual is neither intended to be all inclusive nor so restrictive that it cannot be amended. The following is contact information for the HCD Program and staff.

HCD Program	City of Santa Cruz
Mailing Address:	Economic Development Department 337 Locust Street Santa Cruz, CA 95060
Telephone:	831-420-5109 (Norm Daly) or 831-420-5108 (Carol Berg)
FAX:	831-420-5151
TDD:	831-420-5259 or 1-800-735-2922
HCD web site:	http://www.cityofsantacruz.com/index.aspx?page=488
HCD email:	ndaly@cityofsantacruz.com or cberg@cityofsantacruz.com

I. Community Development Block Grant Program

A. CDBG National Objectives and Eligible Activity Categories

The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable communities by the provision of decent housing and a suitable living environment, and the expansion of economic opportunities, principally for persons of low- and moderate income. The City of Santa Cruz receives an annual federal entitlement of Community Development Block Grant (CDBG) funds to implement the Act locally.

CDBG funds are used to achieve the following national objectives:

1. To benefit low- and moderate income persons.
2. To prevent or eliminate slums or blight.
3. To meet community development needs which have a particular urgency.

CDBG funds may be utilized for General Programs and Public Services or Development Projects in accordance with the following categories of activities:

- Acquisition of Real Property
- Disposition
- Public Facilities/Improvements
- Clearance
- Public Services
- Interim Assistance
- Relocation
- Loss of Rental Income
- Privately-Owned Utilities
- Housing Rehabilitation
- New Housing Construction
- Code Enforcement
- Special Economic Development
- Microenterprise Assistance
- Special Activities by CBDOs
- Home Ownership
- Planning and Capacity Building
- Program Administration Costs
- Miscellaneous Other Activities

B. Subrecipients and Community-Based Development Organizations

In order to achieve the national objectives, the City of Santa Cruz allocates CDBG funds on an application basis each year. A **Subrecipient** is a public or private nonprofit agency, authority, or organization that receives CDBG funds from the City to undertake eligible activities.

A **Community-Based Development Organization (CBDO)** is also a Subrecipient, but only a CBDO is specifically authorized to provide “microenterprise” assistance. Typically a CBDO carries out neighborhood revitalization activities, community economic development programs, or energy conservation projects. See “CBDO Qualifications Checklist” attached hereto as Exhibit “A” for organizational requirements of a CBDO. A CBDO may also receive additional social service provider operation funding if providing services in a designated Neighborhood Revitalization Strategy Area (NRSA).

Unless otherwise noted, the term “Subrecipient” will be used throughout this manual to denote all entities receiving CDBG funds (or HOME funds as described in Section II).

C. Contractual Agreement

Prior to the release of CDBG funds from the City, a written agreement must be executed with the Subrecipient. The agreement remains in effect during any period that the Subrecipient is operating a program or implementing a project in which CDBG funds are being invested.

II. Home Investment Partnerships Program

A. HOME Objectives

The National Affordable Housing Act of 1990 created the Home Investment Partnerships (HOME) Program. This federal program is designed to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low income and low-income families. The City of Santa Cruz receives an annual federal entitlement of HOME funds to implement the Act locally.

HOME funds are used to achieve the following objectives:

1. To provide decent affordable housing to lower-income households.
2. To expand the capacity of non-profit housing providers.
3. To strengthen the ability of state and local governments to provide housing.
4. To leverage private sector participation.

Eligible activities are defined in accordance with the following categories:

- Housing rehabilitation
- Homebuyer activities
- Rental housing activities
- Tenant-based rental assistance

B. Subrecipients and Community Housing Development Organizations

HOME funds are allocated annually on an application basis to entities proposing programs or projects that address the stated HOME objectives. A **Subrecipient** is a public agency or non-profit organization selected by the City to administer all or a portion of the City's HOME program.

A **Developer**, **Owner**, or **Sponsor** may be any for-profit or nonprofit organization or individual (other than a single family owner-occupant) seeking HOME funds for an eligible activity.

A **Community Housing Development Organization (CHDO)** is a private nonprofit organization that has among its purposes the provision of decent housing that is affordable to low- and moderate income persons as evidenced in its charter, articles of incorporation, resolutions, or by-laws. A CHDO may apply for funding in the capacity of a Developer, Owner, or Sponsor, but only CHDOs may apply for a HUD mandated set-aside percentage of local HOME funds. See "CHDO Qualifications Checklist" attached hereto as Exhibit "B" for organizational requirements of a CHDO.

Unless otherwise noted, the term "Subrecipient" will also be used throughout this manual to denote all entities receiving HOME funds.

C. Contractual Agreement

After approvals by the City Council but prior to the release of HOME funds from the City, HUD requires: (1) the City to conduct an underwriting review of the proposed loan or grant and (2) a market review of the neighborhood in which the project will be located. Once the project has been determined to be financially viable and needed at that location,

(3) a written agreement must be executed with the Subrecipient or CHDO. The agreement remains in effect during any period that the Subrecipient or CHDO is operating a program or implementing a project in which HOME funds are being invested.

D. Appropriations Act of 2012

Under the *Consolidated and Further Continuing Appropriations Act of 2012* (P.L. 112-55) allocation of HOME funding under the City's 2012 Action Plan and all subsequent Action Plans requires the following:

1. Any HOME funded project must be completed within four years of the commitment of HOME funds, as determined by a signature of each party to written HOME financing agreements. HUD may grant a one year extension upon determination that the failure to complete the project is beyond the control of the City or Developer.
2. HOME funds may only be allocated to a project after the City has underwritten the project, assessed the developer capacity and fiscal soundness of the developer being funded, and examined the neighborhood market conditions to ensure that there is an adequate need for the HOME project. *(NOTE: The City will develop review procedures by February/March 2013.)*
3. Any HOME assisted homeownership unit that has not been sold within six months following completion of construction to an eligible homebuyer must be converted to a HOME-assisted rental unit.
4. The City may allocate CHDO HOME set-aside funds for development activities only by CHDOs that can show that they have staff with demonstrated development experience. The qualified staff must be employed by the CHDO and not just provided through an agreement with another organization.

III. Applications for Funding

All organizations requesting CDBG or HOME funds from the City of Santa Cruz Housing and Community Development Program (HCD) must submit an application which provides information concerning the organization, its corporate and financial structure, and a specific proposal for a program or project.

HCD staff issues a Request for Proposals and accepts applications only once each fiscal year. This is to allow HCD staff sufficient time to review each proposal and make recommendations to the City Council, which in turn approves or denies each request and allocates the available funds accordingly. However, the City may work with applicants throughout the year to facilitate project development. If it is determined by the Council that approval of the potential project supports the goals of the Consolidated Plan and delays in funding the potential project would be detrimental to the City in achieving a Consolidated Plan goal than an application may be processed at other times during the Plan Year by conducting a Public Hearing to amend the Annual Action Plan.

Separate applications are required for CDBG and HOME funds. For a list of information required for specific funding sources, please refer to the appropriate section below.

A. Community Development Block Grant Application

1. National Objectives

Organizations requesting CDBG funds must identify the national objective which its program or project will address, and must also certify that those activities benefit low- and moderate income persons. Applicants must also indicate if they are a certified CBDO serving an NRSA and as such if they are requesting CBDO operating funds.

2. Scope of Services

The applicant must submit a clear and concise narrative description of the proposed program or project that includes quantifiable goals and objectives, methods of approach, and an implementation schedule.

3. Budget Proposal

- a. A preliminary budget must be submitted which specifies line item costs related to all project-related costs. Budgets shall be submitted on one of two formats, "General Programs and Public Services" or "Development Projects".
- b. For programs or projects which include multiple funding sources, the budget should include a cost allocation detail which identifies all costs associated with the respective sources; indirect costs, if any, to be charged to the program must be quantified. Itemize all fees, if any, charged to the recipients of services.
- c. A listing of all staff to be assigned to the project must be included, and the percentage of salaries to be reimbursed by HCD funds must be identified.

4. Disclosures

a. Organizational Structure:

All applicants must submit qualifying information detailing the organizational and management structure of the entity requesting assistance. Such information includes:

- 1) The charter or mission statement of the organization.
- 2) Documentation of non-profit status.
- 3) Articles of incorporation and by-laws.
- 4) Identification of members of Board of Directors.
- 5) Organizational chart listing current employees and job titles.
- 6) Personnel policies and procedures.
- 7) Documentation of employer status.
- 8) Identification of officials authorized to negotiate and enter into contracts.

b. Financial Management Capacity:

The applicant must submit the following information related to its fiscal management capacity:

- 1) Resumes of its Chief Program Administrator and Chief Fiscal Officer.
- 2) Organizational budget that describes the applicant's current operating budget, exclusive of the proposed program or project.
- 3) Information regarding the applicant's accounting systems, reporting and payment procedures, and audit requirements.
- 4) Most recent audit or financial statement if receiving more than \$25,000 in CDBG or HOME funds.

5. Certifications

a. Certification of Application:

The applicant's Board of Directors must certify that if its proposal is approved and funded by the City, all relevant federal, state, and local regulations will be adhered to. In addition, the applicant must verify that it is fully capable of fulfilling the obligations related to its proposal.

b. Certification of Affiliation:

All members of the Board of Directors, officers, workers, or members of the organization who are an appointed member of a City Commission or Committee or who are City employees must be identified.

c. Compliance with Civil Rights Act and Americans with Disabilities Act:

Provide evidence of written policies prohibiting discrimination in employment and in the implementation and operation of the proposed programs or services. the applicant must certify that the applicant's programs, projects, services, and physical facility have been reviewed for accessibility to persons with disabilities.

5. Applications for Social Service Provider Operations Funding

Applicants for social service provider operation funding must also submit an application to the City for Community Programs (CP) funding on a bi-annual basis, or as defined by the City as the CP process. Allocation for CDBG service provider operational funding will be determined as a part of the broader CP funding allocation process.

B. Home Investment Partnerships Program Application

1. National Objectives

Organizations requesting HOME funds must identify the specific type of program or project for which it is requesting funding. The applicant must also certify that those activities meet the HOME national objectives and that they benefit low- and moderate income persons. Applicants must also indicate if they are CHDOs and if they are requesting CHDO funds.

2. Scope of Services

The applicant must submit a clear and concise narrative description of the proposed program or project which includes quantifiable goals and objectives, methods of approach, and a "Project Development Schedule".

3. Budget Proposal & Underwriting Information

- a. The applicant must submit a proposed budget which identifies the sources and uses of all funds supporting its project.
- b. If the applicant is requesting designation as a CHDO, and/or requesting CHDO funds, the "CHDO Operating Costs" form must be completed.
- c. For all rental projects, a 15 year "Income and Expense Pro-Forma" identifying all income and expenses projected for the project must be submitted. Include information concerning rent levels, utility allowances, vacancy/collection loss rates, subsidies, debt service etc.

4. Disclosures

a. Organizational Structure:

All applicants must submit qualifying information detailing the organizational and management structure of the entity requesting assistance. Such information includes:

- 1) The charter or mission statement of the organization.
- 2) Documentation of non-profit status.
- 3) Documentation of CHDO status (if applicable).
- 4) Articles of incorporation and by-laws.
- 5) Identification of members of Board of Directors.
- 6) Organizational chart listing current employees and job titles.
- 7) Personnel policies and procedures.
- 8) Documentation of employer status.
- 9) Identification of officials authorized to negotiate and enter into contracts.

b. Financial Management:

The applicant must submit the following information related to its fiscal management capacity:

- 1) Resumes of its Chief Program Administrator and Chief Fiscal Officer.
- 2) Organizational budget that describes the applicant's current operating budget, exclusive of the proposed program or project.
- 3) Information regarding the applicant's accounting systems, reporting and payment procedures, and audit requirements.

- 4) Most recent audit or financial statement if receiving more than \$25,000 in CDBG or HOME funds.

5. Certifications

a. Certification of Application:

The applicant's Board of Directors must certify that if its proposal is approved and funded by the City, all relevant federal, state, and local regulations will be adhered to. In addition, the applicant must verify that it is fully capable of fulfilling the obligations related to its proposal.

b. Certification of Affiliation:

All members of the Board of Directors, officers, workers, or members of the organization who are an appointed member of a City Commission or Committee or who are City employees must be identified.

c. Compliance with Civil Rights Act and Americans with Disabilities Act:

Provide evidence of written policies prohibiting discrimination in employment and in the implementation and operation of the proposed programs or services. The applicant must certify that the applicant's programs, projects, services, and physical facility have been reviewed for accessibility to persons with disabilities.

6. Qualifications:

The applicant must submit the following information outlining its affordable housing credentials:

- a. Experience in the development and management of affordable housing.
- b. A narrative description of the development plan for the proposed project.
- c. Identification of the management firm to manage the project post-construction.

7. Site and Planning Information:

The applicant must submit information concerning the project site and identify all planning and zoning requirements and applicable permits.

IV. Fiscal Management

A. Budget Development Process

All applications for CDBG or HOME funds shall include a budget proposal that summarizes all anticipated eligible expenses necessary to carry out the activity. In most cases the applicant will prepare and submit this information, but the City may also assist the applicant in this process.

The budget development process shall:

1. Identify all funding commitments received from all donors and funding sources.
2. Identify an amount of CDBG or HOME funds to be requested from the City.
3. Identify all activities and expenditures attributable to specific funding sources.
4. Develop an Indirect Costs Allocation Plan to identify expenses which are not directly attributable to any specific activity or funding source (in general, only General Program or Public Service activities can include this as a budget line item).

The resultant budget shall be prepared on forms provided by the City.

B. Budget Types and Cost Categories

Budgets shall be prepared in one of two general formats:

1. General Programs and Public Services

There are three cost categories within this budget type:

a. Personnel Costs

- 1) Personnel - Costs associated with the positions identified on the Staffing Plan. Costs shall reflect the actual amount of time each position spends on the program or project.
- 2) Fringe Benefits - Eligible payroll-related costs of health insurance, retirement fund contributions, FICA, Worker's Compensation, and other payments made on the behalf of the employee.

b. General Non-Personnel Costs

- 1) Supplies - Consumable commodities which have a useful life of one year or less and which are valued under \$300.
- 2) Communication - Costs of telephone, telephone installation, leasing of phone equipment, and postage.
- 3) Printing - Cost of copying and printing, whether done in-house or through an outside printer. Supplies such as paper or fluids for copy machine owned or leased for project use.
- 4) Utilities - Costs associated with gas, electricity, water, and trash removal.
- 5) Rent - Rental charges for real property; office space for project.
- 6) Travel (local) - Costs for mileage reimbursement and conference expenses within Santa Cruz County. Mileage reimbursement for actual mileage only for staff or volunteers.
- 7) Travel (other) - All travel and conference expenses outside of Santa Cruz County. Reimbursement to employees and volunteers for actual mileage. Out of state travel requires prior City approval.
- 8) Insurance - Insurance-related costs required for the operation of the program or project.

- 9) Miscellaneous - For eligible expenses not noted above. This should not exceed 1% of HCD grant.
- c. Specific Non-Personnel Costs
 - 1) Equipment Rental - Costs for the rental of equipment that is essential for the operation of the program or project.
 - 2) Equipment Purchase - Purchase of equipment essential for the operation of the program or project in those instance where it is more cost effective to purchase equipment rather than rent it. This includes any item with a useful life of more than one year and a cost greater than \$300. Purchase of equipment requires prior City approval.
 - 3) Contracted Services - Professional and technical services not performed by staff.
 - 4) Audit Fees - Programs or projects funded for \$25,000 or more are required to have an independent audit performed.

2. Development Projects

The cost categories associated with this budget type pertain to expenses identified with the financing, management, and construction of affordable housing projects:

- a. Site Acquisition - Normal cost associated with acquisition of raw land.
- b. Closing Costs - Fees, points, interest, or other costs to finance acquisition or construction.
- c. Architecture and Engineering - Normal fees and costs for professional design services to prepare plans and specifications.
- d. Site Work - Costs normally associated with preliminary site construction work: grading, underground utilities, soils report, environmental remediation.
- e. Fees and Permits - Costs for design review, building, planning or other required permits.
- f. Construction Management - Consultant or other costs to provide construction management services.
- g. Construction Contracts - All fees included in primary and subcontracts.
- h. Consultants - All consultant fees including environmental testing or other specialty consultants.
- i. Administration - Overhead costs for administration by the applicant or other administrative costs .
- j. Interest - interest paid on construction loans.
- k. Legal - costs for legal services.
- l. Financing costs - Miscellaneous costs not included elsewhere but necessary to finance the construction costs.
- m. Taxes/Insurance - Property or other taxes required for the property during the construction period and costs of all required construction insurance.
- n. Marketing - Costs associated with marketing the project and attaining rent-up and occupancy.
- o. Operating Reserve - May be included for a specified period of time. Maximum operating reserve allowance is to be determined in accordance with HUD regulations.
- p. Developer Fee - Any fees or other charges due to the developer on completion of the project.

C. Budget Revisions

Modifications to approved budgets are allowable but must be directly related to changes in project services and activities.

Budget modifications to Personnel Costs can be made without prior City approval by shifting funds between Personnel and Fringe Benefits, provided that the number of staff and the position classifications are not changed from those initially listed in the Staffing Plan. A budget revision reflecting an increase or reduction in staff or a change in position classification must be specifically approved by the City as a change to the written agreement or contract between the City and the Subrecipient.

To implement a budget modification in General Non-Personnel Costs, the Subrecipient must submit a written request which identifies the reasons for the adjustment. The request must be specific as to which line items are to be increased and which are to be reduced.

Specific Non-Personnel Costs may be modified only upon authorization from the City. A request for adjustment in this area must be in writing and must identify the reasons for the specific changes and resultant line item changes.

Development Project budgets may also be modified upon submission of a written request and subsequent approval by the City.

The Director of the City of Santa Cruz Economic Development and Redevelopment Department or the Housing and Community Development Manager shall have the authority to grant or deny requests for budget revisions. The City will issue a written decision within 7 business days of receiving the request.

D. Fiscal Records

Organizations receiving CDBG or HOME funds must keep the following fiscal records:

1. Bookkeeping Journals and Ledgers

Cash receipts journal, cash disbursements journal, expense journal, general journal, and general ledgers must be maintained. Back-up documentation for the journal entries must be kept and properly filed. Documentation must include: invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other verification as applicable.

2. Payroll Records

Payroll records will show actual gross earnings, net amounts paid, and the deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal will need to reflect the distribution of time and money against each fund or program.

Back-up documentation must include:

- a. Canceled paychecks;
- b. Tax records;
- c. Worker's compensation records;
- d. Individual time sheets.

3. Petty Cash Record

A petty cash fund may be set up to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be an eligible expense. The size of the fund is left to the discretion of the Subrecipient.

4. Time Records

Time records should be kept indicating actual time paid, including types of time such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

Agencies using volunteer hours for in-kind match must keep signed time records by the day indicating actual time donated.

The Subrecipient shall maintain a system of internal control in accordance with generally accepted accounting practices. Internal control consists of a plan or procedure to safeguard assets, check the adequacy and reliability of accounting data, promote operating efficiency, and assure adherence to prescribed management policies. On or before 90 calendar days after termination of the contract, the project coordinator should submit to the City an annual inventory update and a close-out financial report. All property, documents, data, studies, reports and records purchased or prepared by the Subrecipient under contract should be disposed of according to contract.

In the event the program or project terminates, copies of all records relating to the project or activity that are the subject of the contract shall be furnished to the City.

Financial reports required to be prepared and submitted by the Subrecipient to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may elect to have the Subrecipient secure the services of a licensed accounting firm. Cost of such accounting services are to be borne by the Subrecipient.

E. Expenditures

All expenditures associated with an approved activity or project must comply with the following criteria:

1. Limitation of Expenditures

- a. The Subrecipient shall not expend funds provided under the contract prior to the commencement of the contract or subsequent to the suspension or termination of the contract.
- b. Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- c. Expenditures shall be in direct support of the project which is the subject of the contract. The Subrecipient shall notify the City in writing of any expenditures for items jointly used for any other project(s) and the expenditures shall be apportioned according to the percentage of direct use in the project.

2. Eligible Costs

To be eligible for payment, costs must be in compliance with Office of Management and Budget Circular (OMB) A-87 and with the principles set forth below:

- a. Be necessary and reasonable for the proper and efficient performance of the contract and in accordance with the approved budget. The City shall have final authority to determine in good faith whether an expenditure is "necessary and reasonable."
- b. Conform to the limitations within this manual and to any governing statutes, regulations and ordinances.

- c. Be fully documented and determined in accordance with approved accounting procedures.
 - d. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or a prior period.
 - e. Be the net amount of all applicable credits such as purchase documents, rebates, sales or other income or refunds.
 - f. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.
 - g. Submit to the City, within seven (7) working days of the end of the preceding month, requests for reimbursement together with a summary of expenses on a form approved by the City supporting documentation.
 - h. Submit to HUD or City at such times and in such forms as HUD or, City may require, statements, records, reports, data, and information pertaining to matters covered by the agreement or contract.
3. Ineligible Costs:
- a. Bad debts: any losses arising from uncollectable accounts and other claims, and related costs.
 - b. Contingencies: contributions to a contingency reserve or any similar provisions for unforeseen events.
 - c. Contributions and donations.
 - d. Entertainment: costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity.
 - e. Fines and penalties: costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations.
 - f. Interest and other financial costs: interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith.
 - g. Membership expenses: costs of membership in any organization which devotes a substantial part of its activities to influencing legislation.
 - h. Non-competitive subcontracts: payments under a subcontract not obtained under competitive bidding procedure, unless the requirement for such a procedure is specifically waived by the City.

F. Reimbursement

1. General Programs and Public Services

Requests for reimbursement for eligible expenses shall be submitted on a regular basis. A Reimbursement Report for the reimbursement period and a Line Item Expense Detail must be submitted on City forms, and must be certified by the organization's Director or Financial Officer. Reimbursement requests received by the 7th working day of the month following the reimbursement period will, in most cases, be paid no later than the end of the month. See "Reimbursement Report – General Programs and Public Services" attached hereto as Exhibit "C" and "Line Item Expense Detail" attached hereto as Exhibit "D".

2. Development Projects

Reimbursement requests for eligible expenses pertaining to a development project may be submitted more frequently than on a monthly basis if pre-arranged with the City. Generally, these requests will be granted on a performance oriented basis. See "Reimbursement Report - Development Project" attached hereto as Exhibit "E".

3. Mileage and Travel

The HCD program will reimburse those reasonable mileage and travel costs that are necessary to carry out the services identified in the Subrecipient's Agreement with the City. Mileage and travel expenses that are not necessary for the project, or are of a personal nature are not eligible for reimbursement. Volunteers authorized by the project to be reimbursed for mileage relating to services for the project must provide proof of automobile insurance.

- a. Mileage: The Subrecipient shall submit written mileage records identifying the driver of the vehicle, the number of miles driven on each day, and the purpose of the trip. The Subrecipient shall certify the accuracy of the information reported. The Subrecipient may use its own form for this purpose.
- b. Travel: Reimbursable costs include conferences, lodging, food, and other non-mileage costs. HCD policy requires that all travel costs be kept to a minimum. Supporting documentation must be provided with all requests for travel reimbursement.
 - 1) Local Travel: Defined as travel within Santa Cruz County.
 - 2) Non-Local Travel: Non-local travel is travel to a location outside of Santa Cruz County, but within California. No prior approval is required for these trips.
 - 3) Out-of-State Travel: Approval for out-of-state travel must be requested in writing from the City's HCD Coordinator 10 working days prior to the trip. The HCD Coordinator will review the request and provide a response within five (5) working days.

4. Telephone Expenses

- a. Reimbursable Expenses: The HCD program will reimburse only those reasonable costs for local and non-local telephone calls necessary to carry out the services identified in the Subrecipient's Agreement with the City. Actual costs of phone calls and the monthly cost of supporting the phone system are eligible for reimbursement. Such expenses include equipment rental or lease and monthly service charges. All out-of-state calls must be documented with a description of the purpose of the call and its relationship to program activities.
- b. Exceptions: Personal phone calls are not reimbursable. In addition, calls made for the purpose of raising funds are not eligible for reimbursement.
- c. Pro-rating of Expenses: If the program or project receives funding from several sources, only those telephone expenses solely related to the that portion of the activity which is funded out of the Subrecipient's HCD grant are reimbursable. All such costs must be specifically identified to the City's satisfaction.

Additionally, if the amount of the Subrecipient's HCD grant is less than the program or project's total budget, phone costs are reimbursable at a percentage equal to the level of HCD funding as compared to total project funding.

5. City HCD staff will review each request for reimbursement submitted by Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient will be requested to submit clarifications, corrections, or additional information.

G. Program Income

Organizations providing services funded through a City of Santa Cruz HCD grant may charge fees to clients to reduce the costs of service delivery. Such fees, or any other earnings generated through the use of HCD funds, are considered to be program income (PI). PI includes, but is not limited to, fees charged for services, proceeds from the sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties.

PI shall be reported to the City on a Monthly Reimbursement Report and shall be used solely to offset the operating expenses of the activities funded through the Agreement with the City. Program income is subject to all provisions of the Agreement, and must be expended prior to requesting reimbursement from the City for eligible expenses.

All PI must be reported. A total amount under \$100 may be reported quarterly rather than in the month in which it is collected.

Donations are defined as free will offerings to an organization not related to receiving a service or benefit. Donations are not PI and do not have to be reported.

PI does not reduce the size of the organization's HCD grant if the PI is spent on eligible items. However, any PI not spent will result in a reduction in the amount of funds reimbursed.

Housing development agencies which use HCD funds for administration only do not report funds received from the construction of affordable housing units as PI.

H. Leveraging

HUD encourages CDBG and HOME grant recipients to use funds to attract or leverage other funds for projects and programs. The City must report other funding for programs and projects in the year end report as well as provide an estimate of the potential for leveraging funds in the Annual Action Plan. Subrecipients are required to provide this information with their Year End Report. See "Leveraging Reporting Form" attached hereto as Exhibit "F".

I. Integrated Disbursement and Information System

The Integrated Disbursement and Information System (IDIS) On Line system is the Department of Housing and Urban Development's (HUD) web-based computer application that provides financial disbursement, tracking, and reporting activities for the CPD formula grant programs. IDIS On Line enables HUD grantees to drawdown program funds and report on the activities and accomplishments outlined in each jurisdiction's Consolidated Plan.

The City complies with the policies and procedures outlined in HUD's "*IDIS Reference Manual*" to enter, maintain, report on, fund, and draw down funds for the City's CDBG and HOME projects and activities.

The City also complies with the HOME statutory requirement at 24 CFR 92.502 with respect to setting up and funding HOME activities in IDIS.

V. ADMINISTRATIVE PROVISIONS

A. Written Agreement with City

A written agreement must be entered into between the City and all entities receiving HCD funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity, program, or project. The agreement will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the agreement binds the Subrecipient for a specified period of time, and is changeable only upon written authorization from the City.

B. Post-Award Responsibilities

Upon execution of the agreement between the City and the Subrecipient, the Subrecipient shall:

1. Immediately report all changes in its articles of incorporation, bylaws, or tax-exempt status to the City.
2. Maintain no member of the Board of Directors as a paid employee, agent or subcontractor.
3. Include on the Board of Directors representation from the broadest possible cross-section of the community, including those with expertise and interest in the provided services, representatives from community organizations interested in the services, and users of the services.
4. Open to the public all meetings of the Board of Directors, except meetings, or portions thereof, dealing with personnel or litigation matters.
5. Keep minutes of all regular and special meetings of the Board of Directors and, upon approval, forward copies to the HCD Coordinator and have a regular meeting at least once each three (3) months.

C. Federal Requirements

Subrecipients must comply with all applicable federal regulations governing the use of HCD funds. These regulations include but may not be limited to those identified on the "Conditions of Federal Funding" attached hereto as Exhibit "G".

D. Insurance

Subrecipients shall obtain and maintain the minimum insurance coverages outlined in "Insurance Requirements" attached hereto as Exhibit "H".

VI. Hiring, Procurement, and Contracting - Procedures and Requirements

A. Hiring Guidelines

All Subrecipients receiving funds from City of Santa Cruz HCD are obligated to conform to the hiring requirements found in Section 3 of the Housing and Urban Development Act. Section 3 requirements incorporated in the Agreement between the City and the Subrecipient provide in part that "to the greatest extent feasible, opportunities for training and employment shall be given to lower income residents of the City." This provision covers all employment of persons paid for in whole or in part by HCD funds. To ensure conformance with this provision, Subrecipients are to follow the procedure described below.

1. Written Hiring Policy

The City shall review Subrecipient's written hiring policies for conformance with applicable Section 3 criteria. Such policies must allow for:

- a. Comprehensive advertising of all job openings.
- b. Notification of all job opportunities to the Employment Development Department of the State of California.
- c. Extension of hiring opportunities to low-income area residents.
- d. Preference to residents of Santa Cruz County.

2. Notification to City

Subrecipients should place the City's HCD Coordinator on the Subrecipient's mailing list of job announcements. This notification will serve as notice that a position is available and that the Subrecipient is complying with Section 3 requirements.

If the Subrecipient is in its first year of HCD funding and the position is more than 50% HCD-funded, it must obtain prior authorization from the City before offering the position to an applicant.

The Subrecipient should submit a letter to the City requesting approval to hire the applicant. This letter should contain the following information:

- a. Whether the applicant is a Santa Cruz resident (if not a resident, specify reasons for choosing a non-City resident);
- b. The position title;
- c. Name of the person hired;
- d. The salary;
- e. The starting date.

In the interest of expediency, Subrecipients may request a verbal authorization to hire from the City; however, a follow-up letter containing the above-information must be sent to the City.

3. Partially Funded Positions

Subrecipients wishing to fill positions funded by HCD at 50% or less need not obtain prior authorization to hire from the City.

Subrecipients which have been funded by HCD for 2 years or more, and wishing to fill positions funded by HCD at 50% or more, also do not need City approval. However, in both of the above cases the hiring requirements listed above must be complied with.

B. Equipment Procurement

1. Equipment v. Supplies

Equipment is defined as tangible property costing more than \$300 and having a useful life of more than one year. The purchase of equipment is generally ineligible, because equipment is usually expensive, and can generally be rented at a lesser cost for a short period of time. Because HCD funds are limited, equipment may only be purchased if absolutely necessary for the program or project. Thus, rental of equipment is recommended over purchase.

Items which cost less than \$300 and which have a useful life of less than one year are considered to be supplies and are to be purchased under the General Non-Personnel Costs (Supplies) cost category.

2. Limitation on Purchase of Equipment

Under HUD regulations, the purchase of equipment, fixtures, motor vehicles, or furnishings that are not an integral structural fixture is ineligible except when necessary for use by the City or a Subrecipient in the administration of the overall City HCD grant or as part of the administration of a public service project or CHDO operating expenses.

3. Notification Requirements

All purchases of equipment require prior City approval. Requests to purchase equipment are to be sent to the HCD Coordinator 45 days prior to the purchase order date. The request is to include the cost of the item, where it will be purchased, a detailed explanation of why it should be bought rather than leased or rented, and where the funds for the purchase will come from. If City HCD funds will only be paying a portion of the purchase, list other funding sources and the respective amounts. The HCD Coordinator will review the request and make a decision within 10 working days. Rationale for a negative decision will be included in the response.

4. Reversion to City

Under HUD regulations, the City has the option to obtain the equipment from the project when funding stops for the project. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipient to retain the equipment at the time the funding ends.

5. Title of Property

Title to any personal property used in the performance of the services and work specified in this agreement shall be as follows:

- a. Personal property donated or purchased with other than CDBG or HOME funds shall become the property of Subrecipient or person specified by the donor or funding source; otherwise, the same shall become the property of City except for property and equipment as described in subparagraph (b) hereof.
- b. Personal property and equipment permanently affixed to buildings owned by Subrecipient shall become the property of Contractor.
- c. All other personal property, supplies and equipment purchased pursuant to this agreement and not consumed shall become property of the City.

C. Subcontracts

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. A standard subcontract form has been developed by the City and is attached hereto as Exhibit "I".

1. Review of Subcontracts by City

All Subrecipients in their first year of receiving HCD funds from the City must submit all subcontracts valued at more than \$100 to the City for review and approval prior to execution.

In a Subrecipient's second year of HCD funding, prior review and approval by the City is required only when the value of the subcontract exceeds 10% of its HCD grant or \$10,000, whichever is less.

All subcontracts requiring review and approval by the City must be submitted at least 10 business days prior to an effective date. The HCD Coordinator will respond to the request for approval within 7 working days. Subcontracts must be approved prior to execution by any of the parties.

2. Provisions Required in Subcontracts

- a. Name, address, phone number and social security number of subcontractor.
- b. A termination clause requiring twenty days notice by which either party may terminate the agreement.
- c. A City un-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
- d. A scope of services.
- e. The total dollar amount of the subcontract.
- f. A termination date no later than the end of the current HCD program year.
- g. A clause requiring contractor to comply with stated "Conditions of Federal Funding".
- h. An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipient. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
- i. Signature of person authorized by Subrecipient's Board of Directors to execute agreements.
- j. Signature of person authorized by subcontractor to execute agreements.

3. Required Subcontract Documentation

The Subrecipient shall maintain the following documentation in its files:

- a. Summary of bids and proposals received.
- b. Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor.
- c. Justification for the selection of other than the lowest bidder in a competitive procurement.
- d. Section 3 compliance documentation.

4. Types of Subcontracts Covered Under This Section

- a. Bookkeepers and auditors.
- b. Contractual personnel services (those not on the Subrecipient's payroll).
- c. Office equipment rental.
- d. Office space rental.
- e. Rental of vehicle (van, bus, etc.) to be used on a regular basis for carrying clients of the Subrecipient.

5. Types of Subcontracts Not Covered Under This Section

- a. Extension of above contracts if dollars per hour/month/year do not change.
- b. Vehicle rental to take project's clients to a particular event. (Requests for travel related to trips outside of Santa Cruz County are required under the agreement with the City)
- c. Maintenance agreements for office equipment
- d. Janitorial services for office space.

VII. Monitoring and Documentation

A. Monitoring by City

1. Purpose

City HCD staff will conduct an on-going monitoring process in order to review the programmatic and financial aspects of the Subrecipient's activities. HCD staff will review regular reports submitted by the Subrecipient for compliance with federal regulations regarding the use of federal funds and the implementation of the program or project.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of projects. To this end HCD staff may require corrective actions of the Subrecipient. Following are examples of significant problems which will trigger corrective action by the Subrecipient:

- a. Services are not documented.
- b. Goals are not being met.
- c. Project files not in order.
- d. Complaints by clients.
- e. Required reports not being submitted in a timely manner.

2. Program Reports

- a. Subrecipients will submit a monthly, quarterly, and/or annual report detailing the implementation and administration of the activity, program, or project. The programmatic reports shall include the following:
 - 1) Progress in meeting stated goals and objectives.
 - 2) Changes in staff or Board of Directors.
 - 3) Problems encountered and steps taken to resolve them.
 - 4) Other general information as appropriate.
 - 5) A "Subrecipient Client Summary" attached hereto as Exhibit "J". This report shall identify the income, ethnicity, and household status of clients receiving HCD-funded assistance within the reporting period. Subrecipients may also report on "Units of Service" provided; for example: nine hours of day care may be a unit of service, or a one hour counseling session may be a unit of service. Unit of service definitions must be included with the report.
 - 6) If a Subrecipient's project involves the creation of or placement of clients within housing units, the "Housing Occupancy Statistics" form attached hereto as Exhibit "K" must be submitted.
- b. This report is due in the City HCD office by the seventh (7th) working day of the month following the reporting time when services were provided.

3. Financial Reports

- a. CDBG Subrecipients that receive more than \$10,000 or more will at minimum submit a quarterly report concerning the financial and accounting status of the activity, program, or project. See "Reimbursement Report" (Exhibit "C") and "Line Item Expense Detail" (Exhibit "D"). Subrecipients receiving less than

\$10,000 may opt to submit a bi-annual report using the same forms, indicating the adjusted reporting period. The monthly, quarterly, or bi-annual financial report shall include the following:

- 1) Summary of all disbursements of HCD funds.
- 2) Summary of all requests for reimbursement of HCD funds.
- 3) Report on percentage of HCD funds expended and remaining by cost category.

- b. This report is due in the City HCD office by the seventh (7th) working day of the month following the month or reporting period when services were provided.

4. On-Site Visits

Periodic on-site monitoring visits may be conducted by the City. Based on monitoring results, City HCD staff may hold discussions with Subrecipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement.

On-site monitoring visits may also be conducted in order to ascertain that that eligible clients for which the program or project was intended are being served and that in the event of an audit, the required client information is being maintained.

5. Reports to City Council

Based on the information received from the Subrecipient, City HCD staff may submit periodic reports to the City Council which provide updates on the Subrecipient's goals and achievements. Staff may recommend corrective action to be taken by City Council should other efforts at obtaining compliance be ineffective.

B. Client Documentation by Subrecipient

Each Subrecipient is required to maintain documentation on clients benefiting from activities, programs, or projects funded through the City's HCD program. As a condition of receiving the HUD grant, the City, and in turn the Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires information on the race and ethnic background of the clients, how many are female heads of households, their residency in the City and how many are very- low income. City HCD staff and HUD must also have access to the names of the clients. Any information regarding applicants for services funded through federal monies shall be held in strict confidence.

1. Required Documentation

- a. All Subrecipients shall obtain and maintain the following information on each client served:
 - 1) Client name and address
 - 2) Gender
 - 3) Ethnicity/race
 - 4) Head of household status
 - 5) Income

This information shall be submitted quarterly with the Subrecipient's regular report. Subrecipients shall use the "Client Certification of Household Composition and Income" form attached hereto as Exhibit "L" and Client Certification of Household Composition and Income to collect and report this information from assisted households.

- b. Subrecipients with a completed and occupied housing project shall provide the following information:
 - 1) "Housing Occupancy Statistics" (Exhibit "K").
 - 2) Identification of persons displaced by the project and certification of Subrecipient's compliance with the Uniform Relocation Act if applicable.
 - 3) Certification of Subrecipient's compliance with Davis/Bacon Wage Monitoring if applicable.
- c. Subrecipients with assisted rental properties shall also submit the "Rental Property Annual Compliance Report" attached hereto as Exhibit "M" no later than thirty days from the beginning of each calendar year. This report shall be submitted annually for the term of the Agreement between the Subrecipient and the City.

2. Exceptions to Maintaining Required Income Documentation

Income documentation is not required for the following client types:

- a. Clients of a battered women's shelter.
- b. Seniors 62 years of age and older.
- c. Persons with recognized disabilities.

All other documentation is required.

In unusual circumstances and with prior written authorization from the City, other required client documentation may be waived.

EXHIBIT "A"

COMMUNITY BASED DEVELOPMENT ORGANIZATION (CBDO) QUALIFICATIONS CHECKLIST

To Qualify as a Community Based Development Organization (CBDO) under Code of Federal Regulations (CFR) Title 24 Section 570, an organization must have the following characteristics:

- ☐ 1. Is organized under state or local law to engage in community development activities in a specific geographic area within the community;
- ☐ 2. Has as its primary purpose the improvement of the physical, social, economic environment of its service area by addressing one or more critical problems in the area, with particular attention to the needs of LMI persons;
- ☐ 3. If a for profit organization, the profits to shareholders or members are incidental to its operations;
- ☐ 4. The governing body's membership consists of 51 percent Low and Moderate-Income (LMI) residents of its service area or owners or officers of entities located in the service area or representatives of LMI organizations in the service area;
- ☐ 5. Is not an agency or instrumentality of the grantee, and no more than one-third of the board is elected or appointed public officials or employees of the grantee; and
- ☐ 6. The governing body is nominated by the general membership of the organization.

Applications to be certified by the City of Santa Cruz as a CBDO are included in the City's CDBG funding application for any Program Year or can be obtained directly from the City of Santa Cruz, Economic Development Department, Housing and Community Development Manager at 831-420-5108 or email cberg@cityofsantacruz.com.

EXHIBIT "B"

COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) QUALIFICATIONS CHECKLIST

To qualify as a Community Housing Development Organization (CHDO) under Code of Federal Regulations, an organization must have the following characteristics:

1. Legal Status

- ☐ A. The non-profit organization is organized under State or local laws.
- ☐ B. No part of the organization's net earnings inure to the benefit of any member, founder, contributor, or individual.
- ☐ C. The organization has a tax exempt ruling from the Internal Revenue Service under Section 501(c) or (4) of the Internal Revenue Code of 1986, as evidenced by:
 - ☐ A 501(c)(3) OR (4) Certificate from the IRS, **OR**,
The organization is classified as a subordinate of a central organization non-profit under Section 905 of the Internal Revenue Code as evidenced by:
 - ☐ A group exemption letter from the IRS that includes the CHDO.
- ☐ D. The organization has among its purposes the provision of decent housing that is affordable to low- and moderate income people.

2. Capacity

- ☐ A. Demonstrate that the organization conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems".
- ☐ B. Demonstrate that the organization has an adequate number of paid staff that are employed by the CHDO.
- ☐ C. Has the capacity for carrying out HOME-assisted activities.
- ☐ D. Demonstrates a history of serving the community within which housing to be assisted.

3. Organizational Structure

- ☐ A. At least one-third of its governing board's membership consists of residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.
- ☐ B. The organization provides a formal process for low-income program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects.
- ☐ C. Although a CHDO may be chartered by a State or local government, the government entity may not appoint more than one-third of the organization's governing board; board members appointed by the government entity may not appoint the remaining two-thirds of the board; and public officials cannot compose more than one-third of the governing board.
- ☐ D. If sponsored or created by a for-profit entity, the for-profit entity may not appoint more than One-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members.

4. Relationship with For-Profit Entities

- ☐ **A.** The CHDO is not controlled by nor receives direction from individuals or entities seeking profit from the organization as evidenced:
- ☐ **B.** A for-profit sponsor of a CHDO cannot have as its primary purpose the development or management of housing.
- ☐ **C.** A CHDO sponsored by a for-profit entity is free to contract for goods and services from vendors of its own choosing.

Applications to be certified by the City of Santa Cruz as a CHDO are included in the City's HOME funding application for any Program Year or can be obtained directly from the City of Santa Cruz, Economic Development Department, Housing and Community Development Division, Housing Coordinator at 831-420-5109 or email ndaly@cityofsantacruz.com.

EXHIBIT "C"

REIMBURSEMENT REPORT GENERAL PROGRAMS AND PUBLIC SERVICES

The Reimbursement Report is used to account for funds expended by a Subrecipient. All City HCD grant funds are paid to the Subrecipient on a reimbursement basis only. A Line Item Expense Detail must accompany all requests for reimbursement, and all totals must agree on both forms. Follow the instructions below when completing this form.

1. **Subrecipient Name:** Insert the name of the organization receiving HCD funds.
2. **Project Name:** Insert the name of the program or project operated by the Subrecipient.
3. **Annual HCD Budget:** Enter in this column the line item amounts shown in the approved budget attached to the Agreement between the City and the Subrecipient.
4. **Expenses This Reporting Period:** Enter all expenses incurred and paid by the Subrecipient during the reporting period. Each entry must be detailed by category in the Line Item Expense Detail (sample attached).

Only expenditures actually paid are to be reported in this column. If no expenses were paid, than that particular cost category line should remain blank. Any questions regarding the assignment of expenses to cost categories should be directed to the City HCD staff.

5. **Expenses Year-to-Date:** Entries in this column include figures from the Expenses this reporting period column and show cumulative expenses to date.
6. **Unexpended HCD Funds:** The amount of unexpended HCD funds remaining in each cost category is determined by subtracting the Year-to-Date figures from the Annual HCD Budget column entries. Negative balances should be indicated in parenthesis. A budget modification is necessary to correct negative balances.

7. **Cash Statement:**

Line 1: Enter the total Year-to-Date expenses. This total includes the Monthly Expenses from the current request.

Line 2: Enter any advance received at the beginning of the program year. If none, enter zero.

Line 3: Enter the sum of Lines 1 and 2.

Line 4: Enter the total of all reimbursements and advances received as of the last day of the report.

Line 5: Enter payments requested for a prior reporting period but not received through the last day of the report.

Line 6: Enter sum of Lines 4 and 5.

Line 7: Subtract Line 6 from Line 3 to determine the amount of the current payment request.

Line 8: Subtract Line 7 from Line 2 to determine the reporting period end cash balance. Projects on a reimbursement system will enter a negative figure here.

The project Director or Financial Officer must sign the Statement of Certification.

One original and one copy of the report must be submitted to the City HCD office no later than the 7th working day of each month.

REIMBURSEMENT REPORT
GENERAL PROGRAMS AND PUBLIC SERVICES

Subrecipient Name: _____ Project Name: _____

Reimbursement requested for month(s)/year _____

Purchase Order Number: _____ Date Submitted: _____

List the amount of City HCD funds allocated to the cost category line items under the Annual HCD Budget column; these amounts should match those in the budget previously submitted to the City. List all expenses to be reimbursed for the reporting period covered by this request, and provide updated figures for Year-to-Date Expenses and Remaining HCD Funds available. Deduct any program income received from the Expenses for the reporting period total to determine the net monthly request for reimbursement.

COST CATEGORY	ANNUAL HCD BUDGET	EXPENSES THIS PERIOD	YEAR-TO-DATE EXPENSES¹	REMAINING HCD FUNDS
PERSONNEL				
1. Salaries	\$	\$	\$	\$
2. Fringe Benefits	\$	\$	\$	\$
GENERAL NON-PERSONNEL				
3. Supplies:	\$	\$	\$	\$
4. Communications:	\$	\$	\$	\$
5. Printing:	\$	\$	\$	\$
6. Utilities:	\$	\$	\$	\$
7. Rent:	\$	\$	\$	\$
8. Travel - Local:	\$	\$	\$	\$
9. Travel - Other:	\$	\$	\$	\$
10. Liability Insurance:	\$	\$	\$	\$
11. Miscellaneous:	\$	\$	\$	\$
GENERAL NON-PERSONNEL				
12. Equipment Rental	\$	\$	\$	\$
13. Equipment Purchase	\$	\$	\$	\$
14. Contracted Services	\$	\$	\$	\$
15. Audit Fees	\$	\$	\$	\$
TOTAL EXPENSES	\$	\$	\$	\$
DEDUCT PROGRAM INCOME	\$	\$	\$	\$
NET REQUEST	\$	\$	\$	\$

¹ Includes "Expenses this Reporting Period".

Continued on reverse

REIMBURSEMENT REPORT
GENERAL PROGRAMS AND PUBLIC SERVICES
(continued)

Cash Statement

1. Total Actual Expenses: <i>(Includes this reporting period Request)</i>	\$
2. Advances:	\$
3. Total Expenses and Advances: <i>(1 + 2)</i>	\$
4. Total Payments Received:	\$
5. Payments Requested But Not Received:	\$
6. Total Payments Requested and Received: <i>(4+5)</i>	\$
7. Amount Of This Payment:	\$

STATEMENT OF CERTIFICATION

I, the undersigned, certify that the information contained herein is correct, is recorded as such in the official accounting records of the program or project, and that the expenses reflected herein were incurred in accordance with the Agreement with the City of Santa Cruz.

Signature

Date

Name

Title

DO NOT WRITE BELOW THIS LINE

REQUEST CHECKED BY: _____

AMOUNT APPROVED: \$ _____

PAYMENT NUMBER: _____

HCD Coordinator or HCD Manager

Date

EXHIBIT "D"**LINE ITEM EXPENSE DETAIL**

Subrecipient Name: _____ Project Name: _____

Purchase Order Number: _____ Date Submitted: _____

COST CATEGORY	AMOUNT
PERSONNEL	
1. Salaries (<i>List employee titles, names, salary amounts, paycheck no.</i>)	
a. _____	\$ _____
b. _____	\$ _____
c. _____	\$ _____
d. _____	\$ _____
2. Fringe Benefits (<i>List specific fringe benefits and basis for calculation</i>)	
a. _____	\$ _____
b. _____	\$ _____
c. _____	\$ _____
d. _____	\$ _____
TOTAL PERSONNEL	\$ _____
GENERAL NON-PERSONNEL	
3. Supplies: _____	\$ _____
4. Communications: _____	\$ _____
5. Printing: _____	\$ _____
6. Utilities: _____	\$ _____
7. Rent: _____	\$ _____
8. Travel - Local: _____	\$ _____
9. Travel - Other: _____	\$ _____
10. Liability Insurance: _____	\$ _____
11. Miscellaneous: _____	\$ _____
TOTAL GENERAL NON-PERSONNEL	\$ _____
SPECIFIC NON-PERSONNEL	
12. Equipment Rental _____	\$ _____
13. Equipment Purchase _____	\$ _____
14. Contracted Services _____	\$ _____
15. Audit Fees _____	\$ _____
TOTAL EXPENSES	\$ _____
DEDUCT PROGRAM INCOME	\$ _____
NET REQUEST	\$ _____

Note: Use additional sheets if necessary. A spreadsheet showing the above information is also acceptable. Attach to this sheet.

STATEMENT OF CERTIFICATION

I, the undersigned, certify that the information contained herein is correct, is recorded as such in the official accounting records of the program or project, and that the expenses reflected herein were incurred in accordance with the Agreement with the City of Santa Cruz.

Signature_____
Date

EXHIBIT "E"

REIMBURSEMENT REPORT DEVELOPMENT PROJECT

Subrecipient Name: _____ Project Name: _____

Reimbursement requested for month(s)/year _____

Purchase Order Number: _____ Date Submitted: _____

List the amount of City HCD funds allocated to the cost category line items under the Annual HCD Budget column; these amounts should match those in the budget previously submitted to the City. List all expenses to be reimbursed for the period of time covered by this request, and provide updated figures for Year-to-Date Expenses and Remaining HCD Funds available. Deduct any program income received from the Monthly Expenses total to determine the net monthly request for reimbursement.

COST CATEGORY	ANNUAL HCD BUDGET	EXPENSES THIS PERIOD	YEAR-TO-DATE EXPENSES ¹	REMAINING HCD FUNDS
1. Site Acquisition	\$	\$	\$	\$
2. Closing Costs	\$	\$	\$	\$
3. Architecture	\$	\$	\$	\$
4. Site Work	\$	\$	\$	\$
5. Fees and Permits	\$	\$	\$	\$
6. Const. Management	\$	\$	\$	\$
7. Construction Contracts	\$	\$	\$	\$
8. Consultants	\$	\$	\$	\$
9. Administration	\$	\$	\$	\$
10. Interest	\$	\$	\$	\$
11. Legal	\$	\$	\$	\$
12. Financing Costs	\$	\$	\$	\$
13. Taxes/Insurance	\$	\$	\$	\$
14. Marketing	\$	\$	\$	\$
15. Operating Reserve	\$	\$	\$	\$
16. Developer Fee	\$	\$	\$	\$
TOTALS:	\$	\$	\$	\$

¹ Includes "Expenses this Reporting Period".

Continued on reverse

**REIMBURSEMENT REPORT
DEVELOPMENT PROJECT**
(continued)

Cash Statement

1. Total Actual Expenses: <i>(Includes this Request)</i>	\$
2. Advances:	\$
3. Total Expenses and Advances: <i>(1 + 2)</i>	\$
4. Total Payments Received:	\$
5. Payments Requested But Not Received:	\$
6. Total Payments Requested and Received: <i>(4+5)</i>	\$
7. Amount Of This Payment:	\$

STATEMENT OF CERTIFICATION

I, the undersigned, certify that the information contained herein is correct, is recorded as such in the official accounting records of the program or project, and that the expenses reflected herein were incurred in accordance with the Agreement with the City of Santa Cruz.

Signature

Date

Name

Title

DO NOT WRITE BELOW THIS LINE

REQUEST CHECKED BY: _____

AMOUNT APPROVED: \$ _____

PAYMENT NUMBER: _____

HCD Coordinator or HCD Manager

Date

EXHIBIT "F"

LEVERAGING REPORTING FORM

TIME COVERED:

ORGANIZATION:

PROGRAM or PROJECT:

Complete section below for Leveraging data:

HUD NO.	SOURCE OF OTHER FUNDING FOR CDBG/ HOME FUNDED PROGRAM OR PROJECT	Amount in \$
1	CDBG Funding	
	HOME Funding	
2	Section 108 Loan Guarantee	
3	Other Consolidated Plan Funds:	(Use 2 Spaces Below)
	- ESG	
	- HOPWA	
4	Appalachian Regional Commission	
5	Other Federal Funds	
6	State Funds	
	Other Local Funds	
7	Private Funds	
8	Other	
TOTAL (Total Funding for Program)		

EXHIBIT "G"

CONDITIONS OF FEDERAL FUNDING

1. **Compliance with Federal Laws and Regulations.** SUBRECIPIENT agrees to comply with all federal laws and regulations applicable to HOME and to the services and work covered under this Agreement.
2. **Applicable Federal Civil Rights Laws and Executive Orders.** The work to be performed under this Agreement is on a project assisted under a program providing direct federal financial assistance from HUD. In providing the services and work set forth in this Agreement, SUBRECIPIENT will carry out its work in a manner which will permit full compliance by CITY with the following, and SUBRECIPIENT shall strictly adhere to the following:
 - a. **Title VI of the Civil Rights Act of 1964**, which provides that no person in the United States shall be excluded on the basis of race, color or national origin, from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.
 - b. **Section 109 of the Housing and Community Development Acts of 1974 and 1977**, as amended, which provide that no person in the United States shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available pursuant to said Acts.
 - c. **Title VIII of the Civil Rights Act of 1968**, which mandates affirmative action toward furthering fair housing (in sale or rental of housing, financing of housing and provision of brokerage services) throughout the United States;
 - d. **Executive Order 11063**, which provides for equal opportunity in housing and related facilities provided by federal financial assistance;
 - e. **Executive Order 11246**, which provides that there shall be no discrimination in employment under federally-assisted construction.
 - f. **Section 3 of the Housing and Urban Development Act of 1968**, which provides for training, employment, and contracting Opportunities for business and lower income persons assurance of compliance.
 - (1) The work to be performed under this Agreement is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given low-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the project .
 - (2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban

Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department of Housing and Community Development issued thereunder prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

- (3) SUBRECIPIENT will send to each labor organization or representative of workers with which it has a collective bargaining contract or other contract or understanding, if any, a notice advertising to the said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
 - (4) SUBRECIPIENT will include these Section 3 clauses in every contract and subcontract for work in connection with the project and will, at the direction of the State, take appropriate action pursuant to the contract upon a finding that any SUBRECIPIENT or subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135, and will not let any contract unless SUBRECIPIENT or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
 - (5) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the Rehabilitation Contract shall be a condition of the federal financial assistance provided to the project, binding upon SUBRECIPIENT, its successors, and assigns. Failure to fulfill these requirements shall subject SUBRECIPIENT, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135 which provides that, to the greatest extent feasible, opportunities for training and employment shall be given to lower-income residents of HUD-assisted project areas, and that contracts for work in connection with such projects be awarded to business concerns which are located in, or are owned in substantial part by, persons residing in the area of the Program.
- g. **Section 504 of the Rehabilitation Act of 1973** (prohibits discrimination based on physical handicap) (Pub.L. 93-112), as amended, and implementing regulations when published for effect.
 - h. **The Age Discrimination Act of 1975**, as amended (Pub.L. 94-135), and implementing regulations when published for effect.
 - i. The relocation requirements of **Title II** and the acquisition requirements of **Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, and the implementing regulations at **24 CFR Part 42**.
 - j. The requirements relating to minority and women's business enterprises set forth in **Executive Order No. 11625 of October 13, 1971, 36 Fed. Reg. 1967, as amended by Executive Order No. 12007 of August 22, 1977, 42 Fed. Reg. 42839; and Executive Order No. 12432 of July 14, 1983, 48 Fed. Reg. 32551; and Executive Order No. 12138 of May 18, 1979, 44 Fed. Reg. 23637.**

- k. **The Uniform Federal Accessibility Standards** set forth in 24 CFR, Part 40, Appendix A.
 - l. The provisions of **24 CFR, Part 24**, relating to the employment, engagement of services, awarding of contracts, or funding of any Subrecipients or subcontractors during any period of debarment, suspension or placement in ineligibility status.
 - m. The provisions of **24 CFR, Part 570**, relating to compliance with applicable uniform administrative requirements in acceptance and use of funds, as described in Section 570.502 (this document is available in the CDBG Coordinator's office).
 - n. The provisions of **24 CFR, Part 570**, relating to compliance with: 1) **OMB Circular A-110** which sets standards for uniform administrative requirements for grants to non-profit organizations; and 2) **OMB Circular A-122**, which provides a set of cost principles for determining costs of grants and other agreements with non-profit organizations.
3. **Nondiscrimination Under Title VI of the Civil Rights Act of 1964.** SUBRECIPIENT under this Agreement shall be subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and HUD regulations with respect thereto including the regulations under 24 CFR, Part 1. In the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, SUBRECIPIENT shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer prohibiting discrimination upon the basis of race, color, religion, sex or national origin, in the sale, lease or rental, or in the use of occupancy of such land or any improvements erected or to be erected thereon, and providing that SUBRECIPIENT and the United States are beneficiaries of and entitled to enforce such covenant. SUBRECIPIENT, in providing the services and work it is to provide pursuant to this Agreement, agrees to take such measures as are necessary to enforce such covenant and will not itself so discriminate.
4. **Equal Employment Opportunity.** In providing the work and services herein specified, SUBRECIPIENT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SUBRECIPIENT shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SUBRECIPIENT shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or the CITY setting forth the provisions of this nondiscrimination clause. SUBRECIPIENT shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin. SUBRECIPIENT shall incorporate the foregoing requirements of this Paragraph 4 in all of its contracts for program work, and will require all of its subcontractors for such work to incorporate such requirements in all subcontracts for program work.

SUBRECIPIENT shall also maintain records containing:

- a. Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG, HOME or other Federal funds. Such information shall be used only as a basis for further

investigation as to compliance with nondiscrimination requirements. No SUBRECIPIENT is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

- b. Documentation of actions undertaken to meet the requirements of ' 570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low- and moderate-income persons and the use of local businesses.
 - c. Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with CDBG, HOME or other Federal funds, data indicating which of those entities are women's business enterprises as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special out-reach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.
5. **Lead-Based Paint Hazards.** Assistance provided under this Agreement is subject to the HUD Lead-Based Paint regulations at 24 CFR Part 35, hereby incorporated and made a part of this Agreement by reference. Any funding commitments made by CITY or SUBRECIPIENT shall be made subject to the provisions for the elimination of lead-based paint hazards under subpart B of said regulations.
6. **Flood Disaster Protection.** Notwithstanding any other provision of this Agreement, SUBRECIPIENT shall comply with the Flood Disaster Protection Act of 1973, as amended (P.L. 93-234), and the standards issued thereto. No portion of the monies to be paid to SUBRECIPIENT pursuant to this Agreement shall be used for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in an area not in compliance with the requirements for participation in the National Flood Insurance Program pursuant to Section 201(d) of said Act; and the use of any of said monies for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or Agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001, et seq., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(a) of the Flood Disaster Protection Act of 1973, as amended. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

7. **Interest of Certain Federal Officials.** No member of or delegate to the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit arising from same.
8. **Conflict of Interest.** No officer, employee, or agent of SUBRECIPIENT who exercises any functions or responsibilities with respect to the HOME Program or to the services and work to be performed by SUBRECIPIENT pursuant to this Agreement, during such officer's employee's, or agent's tenure or for one (1) year thereafter, shall have any personal or financial interest or benefit, direct or indirect, in this Agreement or the proceeds thereof. SUBRECIPIENT shall incorporate or cause to be incorporated in every contract required to be in writing a provision prohibiting such interest pursuant to the purposes of this Section.
9. **Prohibition Against Payments of Bonuses or Commissions.** The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purposes of obtaining HUD approval of the application for such assistance, or HUD approval of applications for additional assistance, or any other approval or concurrence of HUD required under this Agreement, Title I of the Housing and Community Development Acts of 1974 or 1977, or HUD regulations with respect thereto; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.
10. **Copyrights.** If this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but HUD reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, all copyrighted material and all material which can be copyrighted.
11. **Patents.** Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to CITY and HUD for determination by HUD as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including the rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.
12. **Political Activity.**
 - a. **Political Reform Act.** SUBRECIPIENT shall comply with the applicable provisions of the Political Reform Act of 1974, as amended, relating to conflicts of interest (codified at California Government Code Section 87000, et seq.). SUBRECIPIENT will promptly advise CITY of the facts and circumstances concerning any disclosure made to it or any information obtained by it relating to conflicts of interest.
 - b. **Partisan Activity Prohibited.** No funds provided in this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office; nor shall they be used to provide services, or for the employment or assignment of personnel in a manner supporting or resulting in the identification of programs conducted pursuant to this Agreement with the following: (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office; (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or (3) any voter registration activity.

Participants employed in the administration of CITY's programs funded by CDBG, HOME or other Federal funding, and participants whose principle employment is in connection with an activity financed by CDBG, HOME or other Federal funding or resultant proceeds are subject to limitation on political activities under the Hatch Act (U.S.C. 1502(a), 18 U.S.C. 595). All participants may take part in nonpartisan activities outside working hours.

- c. **Lobbying Prohibited.** None of the funds provided under this Agreement shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before the Congress.

13. Guidelines on Church-Related Activities.

- a. **Construction or Rehabilitation of Facilities.** CDBG, HOME or other Federal funding recipients shall not use any funds to construct, rehabilitate, maintain, or restore religious structures (including those which may be historic properties) currently used for religious purposes. Block Grant funds shall not be used to construct, rehabilitate, maintain, or restore structures or other real property owned by "pervasively sectarian" organizations. Block Grant funds shall not be used to assist a religious organization in acquiring property. These prohibitions apply whether or not the property is used for religious services or instruction or is used in any other way for religious activities.
- b. **Public Services.** CDBG funds may be used for the provision of public services under the following conditions:
 - (1) The public services provided are exclusively non-religious in nature and scope.
 - (2) There are no religious services, proselytizing, instruction, or any other religious influences in connection with the public services;
 - (3) There is no religious discrimination in terms of employment or benefits under the public services; and
 - (4) CDBG funds may be used only for the provision of public services and not for construction, rehabilitation or restoration of any facility owned by a religious organization where the services are to be provided. A narrow exception to this prohibition is that minor repairs may be made where such repairs (a) are directly related to the public services, (b) are located in a structure used exclusively for non-religious purposes, and (c) constitute in dollar terms a minor portion of the CDBG expenditure for the public services.

END CONDITIONS OF FEDERAL FUNDING

EXHIBIT "H"

INSURANCE REQUIREMENTS

1. **SUBRECIPIENT Insurance.** SUBRECIPIENT, at its sole cost and expense, for the full term of this Agreement (and any extensions thereof), shall obtain and maintain at minimum compliance with all of the following insurance coverage(s) and requirements. Such insurance coverage shall be primary coverage as respects CITY and any insurance or self-insurance maintained by CITY shall be excess of Subrecipient's insurance coverage and shall not contribute to it.
2. **Subcontractor(s)' Insurance.** If SUBRECIPIENT utilizes one or more subcontractors in the performance of this Agreement, SUBRECIPIENT shall obtain and maintain independent insurance as to each subcontractor or otherwise provide evidence of insurance coverage for each subcontractor equivalent to that required of SUBRECIPIENT in this Agreement, unless SUBRECIPIENT and CITY both initial here _____./_____.
3. **Types of Insurance and Minimum Limits.** The following types of insurance and minimum limits are required by a Multi-Peril policy or equivalent combination of Mono-Line policies providing at least the following minimum coverage and limits of liability.
 - a. Worker's Compensation written in accordance with the laws of the State of California and providing coverage for any and all employees of SUBRECIPIENT in the minimum statutorily required coverage amounts.
 - b. Commercial Automobile Liability Insurance acceptable to City in an amount not less than One Million Dollars per occurrence combined single limit Bodily Injury and Property Damage coverage and not less than Two Million Dollars aggregate. This insurance coverage shall not be required if vehicle used by SUBRECIPIENT is not a material part of performance of this Agreement and SUBRECIPIENT and CITY both certify to this fact by initialing here _____./_____.
 - c. Commercial General Liability Insurance acceptable to City in an amount not less than One Million Dollars per occurrence combined single limit Bodily Injury and Property Damage coverage and not less than Two Million Dollars aggregate.
 - d. Professional Liability Insurance in the minimum amount of \$_____ combined single limit, if, and only if, this Subparagraph is initialed by SUBRECIPIENT and CITY here _____./_____.

4. Other Insurance Provisions.

- a. If any insurance coverage required in this Agreement is provided on a "Claims Made" rather than "Occurrence" form, SUBRECIPIENT agrees to maintain the required coverage for a period of three (3) years after the expiration of this Agreement (hereinafter "post agreement coverage") and any extensions thereof. SUBRECIPIENT may maintain the required post agreement coverage by renewal or purchase of prior acts or tail coverage. This provision is contingent upon post agreement coverage being both available and reasonably affordable in relation to the coverage provided during the term of this Agreement. For purposes of interpreting this requirement, a cost not exceeding 100% of the last annual policy premium during the term of this Agreement in order to purchase prior acts or tail coverage for post agreement coverage shall be deemed to be reasonable.

5. Endorsements.

- a. All required Automobile and Comprehensive or Commercial General Liability Insurance shall be endorsed to contain the following clause, with the exception that Endorsement (ii), providing for 30-day notices, is the only endorsement required to be made a part of the Worker's Compensation and Employers' Liability policy coverage.
- (1) "The CITY of Santa Cruz, its employees, officers, agents and volunteers are hereby added as additional insureds, but only as respects work done by, for, or on behalf of the named insured under Agreement with the CITY of Santa Cruz."
- (2) "Thirty (30) days prior written notice shall be given to the CITY of Santa Cruz in the event of cancellation, reduction in coverage, or non-renewal of this policy for whatever reason."

6. Proof of Coverage.

- a. SUBRECIPIENT agrees to provide its insurance broker(s) with a full copy of these insurance provisions and provide CITY on or before the effective date of this Agreement with Certificate of Insurance for all required coverages. Copies of all the required Endorsements required above shall be attached to the Certificate(s) of Insurance or other evidence of insurance acceptable to the CITY of Santa Cruz, which shall be provided by Subrecipient's insurance company as evidence of the stipulated coverages. This Proof of Coverage shall then be mailed to the CITY of Santa Cruz at the following address:

Housing & Community Development Manager
City of Santa Cruz
Economic Development and Redevelopment
337 Locust Street
Santa Cruz, CA 95060

END INSURANCE REQUIREMENTS

EXHIBIT "I"

STANDARD AGREEMENT FOR THE PROVISION OF SUBCONTRACTED SERVICES

This Agreement is made and entered into this ____ day of _____, 20____, by and between _____ (hereinafter referred to as "AGENCY") and _____ (hereinafter referred to as "SUBCONTRACTOR")

RECITALS

WHEREAS, AGENCY and the City of Santa Cruz have entered into a grant agreement pursuant to the Community Development Block Grant Program, as defined by the Housing and Community Development Acts of 1974 and 1977, 1983, 1985 and 1987, as amended and/or the HOME Investments Partnerships Act (Title II of the Cranston-Gonzalez Affordable Housing Act of 1990), as amended; and

WHEREAS, AGENCY is implementing the _____ under the terms and conditions of that Agreement referred to in the above paragraph; and

WHEREAS, AGENCY desires to engage SUBCONTRACTOR to provide assistance to AGENCY in its implementation of said program.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Contractual Agreement:** SUBCONTRACTOR agrees to be bound by the above-mentioned Agreement between AGENCY and the City of Santa Cruz to the same extent that AGENCY is bound thereby and agrees to indemnify and name the City of Santa Cruz as additional insured in the same manner as the AGENCY has agreed to indemnify and name the City of Santa Cruz as additional insured.
2. **Term of Agreement:** This Agreement shall commence on _____, 20____, and shall terminate on _____, 20____, unless terminated earlier, as provided for in this Agreement. Twenty (20) days written notice by either party shall be given to terminate this Agreement.
3. **Scope of Services:** SUBCONTRACTOR, for and in consideration of the covenants, promises and agreements expressed herein, shall provide services to AGENCY. Said services shall include, but not be limited to:

_____.
4. **Payment for Services:** AGENCY agrees to pay SUBCONTRACTOR for the performance of services and work, subject to and performed in connection with this agreement, a sum of money not to exceed \$ _____ (total payment). Such sum shall be expended and paid by AGENCY to SUBCONTRACTOR during the term of this agreement on a reimbursement basis for services actually performed by SUBCONTRACTOR. Payment shall be made upon receipt of time sheets specifying in detail the services performed and the number of hours expended to complete those services.

5. **Independent Contractor:** It is understood and agreed by the parties herein that SUBCONTRACTOR, in the performance of this Agreement, shall act as an independent contractor, and therefore shall obtain no rights to any fringe benefits which accrue to regular full-time AGENCY employees.
6. **Compliance with Federal Regulations:** The work to be performed under this Agreement is on a project assisted under a program providing direct Federal financial assistance from HUD. In addition to the terms and conditions of the Agreement between AGENCY and the City of Santa Cruz, SUBCONTRACTOR is also subject to the requirements contained in Exhibit "A" entitled "Conditions of Federal Funding" attached hereto and made part of this Agreement.
6. **Uninvolvement Clause:** It is hereby agreed between the parties to this Agreement that the City of Santa Cruz, as a funding agent of AGENCY'S project, shall assume no liability, either primarily or secondarily, for any breach of this Agreement by either party hereto of a term or condition contained herein.
7. **Changes to the Agreement:** Amendments to the terms and conditions of this Agreement shall be requested, in writing, by the party desiring such revision, and any such adjustment to this Agreement shall be determined and effective only upon the mutual consent, in writing, of the parties hereto, and upon approval of the City of Santa Cruz.

AGENCY

Date

SUBCONTRACTOR

Date

(Street Address of Subcontractor)

(Telephone No. of Subcontractor)

(City, State, and Zip Code)

Soc. Security No. of Subcontractor

EXHIBIT I-“A”
CONDITIONS OF FEDERAL FUNDING

1. **Compliance with Federal Laws and Regulations.** SUBRECIPIENT agrees to comply with all federal laws and regulations applicable to HOME and to the services and work covered under this Agreement.
2. **Applicable Federal Civil Rights Laws and Executive Orders.** The work to be performed under this Agreement is on a project assisted under a program providing direct federal financial assistance from HUD. In providing the services and work set forth in this Agreement, SUBRECIPIENT will carry out its work in a manner which will permit full compliance by CITY with the following, and SUBRECIPIENT shall strictly adhere to the following:
 - a. **Title VI of the Civil Rights Act of 1964**, which provides that no person in the United States shall be excluded on the basis of race, color or national origin, from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.
 - b. **Section 109 of the Housing and Community Development Acts of 1974 and 1977**, as amended, which provide that no person in the United States shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available pursuant to said Acts.
 - c. **Title VIII of the Civil Rights Act of 1968**, which mandates affirmative action toward furthering fair housing (in sale or rental of housing, financing of housing and provision of brokerage services) throughout the United States;
 - d. **Executive Order 11063**, which provides for equal opportunity in housing and related facilities provided by federal financial assistance;
 - e. **Executive Order 11246**, which provides that there shall be no discrimination in employment under federally-assisted construction.
 - f. **Section 3 of the Housing and Urban Development Act of 1968**, which provides for training, employment, and contracting Opportunities for business and lower income persons assurance of compliance.
 - (1) The work to be performed under this Agreement is on a project assisted under a program providing direct federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given low-income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the project .
 - (2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department of Housing and Community Development issued thereunder prior

to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

- (3) SUBRECIPIENT will send to each labor organization or representative of workers with which it has a collective bargaining contract or other contract or understanding, if any, a notice advertising to the said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
 - (4) SUBRECIPIENT will include these Section 3 clauses in every contract and subcontract for work in connection with the project and will, at the direction of the State, take appropriate action pursuant to the contract upon a finding that any SUBRECIPIENT or subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135, and will not let any contract unless SUBRECIPIENT or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
 - (5) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of the Rehabilitation Contract shall be a condition of the federal financial assistance provided to the project, binding upon SUBRECIPIENT, its successors, and assigns. Failure to fulfill these requirements shall subject SUBRECIPIENT, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or contract through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135 which provides that, to the greatest extent feasible, opportunities for training and employment shall be given to lower-income residents of HUD-assisted project areas, and that contracts for work in connection with such projects be awarded to business concerns which are located in, or are owned in substantial part by, persons residing in the area of the Program.
- g. **Section 504 of the Rehabilitation Act of 1973** (prohibits discrimination based on physical handicap) (Pub.L. 93-112), as amended, and implementing regulations when published for effect.
 - h. **The Age Discrimination Act of 1975**, as amended (Pub.L. 94-135), and implementing regulations when published for effect.
 - i. The relocation requirements of **Title II** and the acquisition requirements of **Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, and the implementing regulations at **24 CFR Part 42**.
 - j. The requirements relating to minority and women's business enterprises set forth in **Executive Order No. 11625 of October 13, 1971, 36 Fed. Reg. 1967, as amended by Executive Order No. 12007 of August 22, 1977, 42 Fed. Reg. 42839; and Executive Order No. 12432 of July 14, 1983, 48 Fed. Reg. 32551; and Executive Order No. 12138 of May 18, 1979, 44 Fed. Reg. 23637.**
 - k. **The Uniform Federal Accessibility Standards** set forth in 24 CFR, Part 40, Appendix A.

- l. The provisions of **24 CFR, Part 24**, relating to the employment, engagement of services, awarding of contracts, or funding of any Subrecipients or subcontractors during any period of debarment, suspension or placement in ineligibility status.
 - m. The provisions of **24 CFR, Part 570**, relating to compliance with applicable uniform administrative requirements in acceptance and use of funds, as described in Section 570.502 (this document is available in the CDBG Coordinator's office).
 - n. The provisions of **24 CFR, Part 570**, relating to compliance with: 1) **OMB Circular A-110** which sets standards for uniform administrative requirements for grants to non-profit organizations; and 2) **OMB Circular A-122**, which provides a set of cost principles for determining costs of grants and other agreements with non-profit organizations.
3. **Nondiscrimination Under Title VI of the Civil Rights Act of 1964.** SUBRECIPIENT under this Agreement shall be subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and HUD regulations with respect thereto including the regulations under 24 CFR, Part 1. In the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, SUBRECIPIENT shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer prohibiting discrimination upon the basis of race, color, religion, sex or national origin, in the sale, lease or rental, or in the use of occupancy of such land or any improvements erected or to be erected thereon, and providing that SUBRECIPIENT and the United States are beneficiaries of and entitled to enforce such covenant. SUBRECIPIENT, in providing the services and work it is to provide pursuant to this Agreement, agrees to take such measures as are necessary to enforce such covenant and will not itself so discriminate.
4. **Equal Employment Opportunity.** In providing the work and services herein specified, SUBRECIPIENT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. SUBRECIPIENT shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. SUBRECIPIENT shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or the CITY setting forth the provisions of this nondiscrimination clause. SUBRECIPIENT shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin. SUBRECIPIENT shall incorporate the foregoing requirements of this Paragraph 4 in all of its contracts for program work, and will require all of its subcontractors for such work to incorporate such requirements in all subcontracts for program work.

SUBRECIPIENT shall also maintain records containing:

- a. Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG, HOME or other Federal funds. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No

SUBRECIPIENT is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

- b. Documentation of actions undertaken to meet the requirements of ' 570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low- and moderate-income persons and the use of local businesses.
 - c. Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with CDBG, HOME or other Federal funds, data indicating which of those entities are women's business enterprises as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special out-reach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.
5. **Lead-Based Paint Hazards.** Assistance provided under this Agreement is subject to the HUD Lead-Based Paint regulations at 24 CFR Part 35, hereby incorporated and made a part of this Agreement by reference. Any funding commitments made by CITY or SUBRECIPIENT shall be made subject to the provisions for the elimination of lead-based paint hazards under subpart B of said regulations.
6. **Flood Disaster Protection.** Notwithstanding any other provision of this Agreement, SUBRECIPIENT shall comply with the Flood Disaster Protection Act of 1973, as amended (P.L. 93-234), and the standards issued thereto. No portion of the monies to be paid to SUBRECIPIENT pursuant to this Agreement shall be used for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in an area not in compliance with the requirements for participation in the National Flood Insurance Program pursuant to Section 201(d) of said Act; and the use of any of said monies for such acquisition or construction in such identified areas in communities then participating in the National Flood Insurance Program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or Agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001, et seq., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(a) of the Flood Disaster Protection Act of 1973, as amended. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

7. **Interest of Certain Federal Officials.** No member of or delegate to the Congress of the United States, and no Resident Commissioner, shall be admitted to any share or part of this Agreement or to any benefit arising from same.

8. **Conflict of Interest.** No officer, employee, or agent of SUBRECIPIENT who exercises any functions or responsibilities with respect to the HOME Program or to the services and work to be performed by SUBRECIPIENT pursuant to this Agreement, during such officer's employee's, or agent's tenure or for one (1) year thereafter, shall have any personal or financial interest or benefit, direct or indirect, in this Agreement or the proceeds thereof. SUBRECIPIENT shall incorporate or cause to be incorporated in every contract required to be in writing a provision prohibiting such interest pursuant to the purposes of this Section.
9. **Prohibition Against Payments of Bonuses or Commissions.** The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purposes of obtaining HUD approval of the application for such assistance, or HUD approval of applications for additional assistance, or any other approval or concurrence of HUD required under this Agreement, Title I of the Housing and Community Development Acts of 1974 or 1977, or HUD regulations with respect thereto; provided, however, that reasonable fees or bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.
10. **Copyrights.** If this Agreement results in a book or other copyrightable material, the author is free to copyright the work, but HUD reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, all copyrighted material and all material which can be copyrighted.
11. **Patents.** Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to CITY and HUD for determination by HUD as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including the rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.
12. **Political Activity.**
 - a. **Political Reform Act.** SUBRECIPIENT shall comply with the applicable provisions of the Political Reform Act of 1974, as amended, relating to conflicts of interest (codified at California Government Code Section 87000, et seq.). SUBRECIPIENT will promptly advise CITY of the facts and circumstances concerning any disclosure made to it or any information obtained by it relating to conflicts of interest.
 - b. **Partisan Activity Prohibited.** No funds provided in this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office; nor shall they be used to provide services, or for the employment or assignment of personnel in a manner supporting or resulting in the identification of programs conducted pursuant to this Agreement with the following: (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office; (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or (3) any voter registration activity.

Participants employed in the administration of CITY's programs funded by CDBG, HOME or other Federal funding, and participants whose principle employment is in connection with an activity financed by CDBG, HOME or other Federal funding or

resultant proceeds are subject to limitation on political activities under the Hatch Act (U.S.C. 1502(a), 18 U.S.C. 595). All participants may take part in nonpartisan activities outside working hours.

- c. **Lobbying Prohibited.** None of the funds provided under this Agreement shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before the Congress.

13. Guidelines on Church-Related Activities.

- a. **Construction or Rehabilitation of Facilities.** CDBG, HOME or other Federal funding recipients shall not use any funds to construct, rehabilitate, maintain, or restore religious structures (including those which may be historic properties) currently used for religious purposes. Block Grant funds shall not be used to construct, rehabilitate, maintain, or restore structures or other real property owned by "pervasively sectarian" organizations. Block Grant funds shall not be used to assist a religious organization in acquiring property. These prohibitions apply whether or not the property is used for religious services or instruction or is used in any other way for religious activities.
- b. **Public Services.** CDBG funds may be used for the provision of public services under the following conditions:
 - (1) The public services provided are exclusively non-religious in nature and scope.
 - (2) There are no religious services, proselytizing, instruction, or any other religious influences in connection with the public services;
 - (3) There is no religious discrimination in terms of employment or benefits under the public services; and
 - (4) CDBG funds may be used only for the provision of public services and not for construction, rehabilitation or restoration of any facility owned by a religious organization where the services are to be provided. A narrow exception to this prohibition is that minor repairs may be made where such repairs (a) are directly related to the public services, (b) are located in a structure used exclusively for non-religious purposes, and (c) constitute in dollar terms a minor portion of the CDBG expenditure for the public services.

END CONDITIONS OF FEDERAL FUNDING

EXHIBIT "J" SUBRECIPIENT CLIENT SUMMARY

TIME PERIOD: _____ ORGANIZATION _____ PROGRAM: _____	PREPARER: _____ PHONE: _____ EMAIL: _____
--	---

NUMBER OF PERSONS BY RACE AND HISPANIC ETHNICITY

IDIS Race Code	Race	Total (Includes Hispanic)	Of Total - Hispanic No.	*Hispanic - a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture of origin, regardless of race. The term "Spanish origin" can be used in addition to "Hispanic or Latino."
11	White:			A person having origins in any of the original peoples of Europe, the Middle East or North Africa.
12	Black/African American:			A person having origins in any of the black racial groups of Africa.
13	Asian:			A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent.
14	American Indian/Alaskan Native:			Has origins in any of the original peoples of N., S., or Central America, & maintains tribal affiliation or community attachment.
15	Native Hawaiian/Other Pacific Islander:			A person having origins in any of the original peoples of Hawaii, Guam, Samoa or other Pacific Islands.
16	American Indian/Alaskan Native & White:			Multiple Race
17	Asian & White:			Multiple Race
18	Black/African American & White:			Multiple Race
19	Am. Indian/Alaskan Native /Black African Am.:			Multiple Race
20	Other Multi-Racial:			Multiple Race
	Total:	0	0	Should equal total unduplicated # of persons served in Program.

BENEFICIARY INCOME LEVELS (CDBG13)**NUMBER OF PERSONS ASSISTED AT EACH INCOME LEVEL:**

(Based on income level of the household where the person lives.)

HUD Extremely Low Income		30% of Area Median Income and Below
HUD Very Low Income		31% to 50% of Area Median Income
HUD Low Income (Low-Mod)		51% to 80% of Area Median Income
Non-Low Moderate Income		81% of Area Median Income & Above
	0	Should equal total unduplicated # of persons served in Program.

PUBLIC SERVICES/PUBLIC FACILITIES (CDBG17)**OF THOSE ASSISTED THE NUMBER THAT:**

Have new access to benefit:		A service is offered for the first time or has not previously been available to these households.
Have improved access to benefit:		When services are expanded in terms of size, capacity or location.
Benefit no longer substandard:		When activity provides improved service or facility not available without funding.
	0	Should equal total unduplicated # of persons served in Program.
Are Disabled:		May be less than total of persons served in the Program.

HOMELESS PROGRAMS/FACILITIES:No. of Beds created in overnight shelter or
emergency housing:**HOMELESS PREVENTION (CDBG31) Complete only activity prevents homelessness****NUMBER ASSISTED TO PREVENT HOMELESSNESS**

Emergency financial assistance:		The number of beneficiaries reported under either category may be less than or equal to the total benefitting for the program year, but neither (individually) may exceed the total benefitting for the program year.
Emergency legal assistance:		

2012 SANTA CRUZ INCOME LIMITS

BASED ON HUD INCOME LIMITS EFFECTIVE FEB. 9, 2012
BASED ON HCD INCOME LIMITS EFFECTIVE FEB.1, 2012

NOTE: THIS TABLE TO BE UPDATED IN FEBRUARY 2013. .

HOUSEHOLD SIZE →	ONE PERSON	TWO PERSON	THREE PERSON	FOUR PERSON	FIVE PERSON	SIX PERSON	SEVEN PERSON	EIGHT PERSON
INCOME ↓								
Low (HUD) (80%)	\$53,700	\$61,350	\$69,000	\$76,650	\$82,800	\$88,950	\$95,050	\$101,200
Very-Low (50%)	\$33,550	\$38,350	\$43,150	\$47,900	\$51,750	\$55,600	\$59,400	\$63,250
Extremely-Low (30%)	\$20,150	\$23,000	\$25,900	\$28,750	\$31,050	\$33,350	\$35,650	\$37,950

¹ U.S. Dept. of Housing and Urban Development (HUD limits) <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/2012/ca.pdf> effective Feb. 9, 2012 and the California Dept. of Housing and Community Development memo (HCD limits) <http://www.hcd.ca.gov/hpd/hrc/rep/state/inc2k12.pdf> dated Feb. 1, 2012. HCD adds extremely low, median and moderate incomes adjusted for household size and area housing costs.

² All incomes shown above have been adjusted for household size and area housing costs by HUD and HCD.

EXHIBIT "K"
CLIENT CERTIFICATION OF HOUSEHOLD
COMPOSITION AND INCOME (2012 INCOME LEVELS)

NOTE: THIS TABLE TO BE UPDATED IN FEBRUARY 2013. .

The program under which you are receiving assistance is funded through the City of Santa Cruz Housing and Community Development Program. In accordance with the federal regulations, please supply the information requested below. This information is confidential.

HOUSEHOLD SIZE ✓ Check the box for the total number of people in your household, including yourself	HOUSEHOLD INCOME ✓ On the same line as the one you checked for household size, check the box that shows your TOTAL GROSS ANNUAL HOUSEHOLD INCOME. Count all income of all household members, including yourself.			
	Extremely Low	Very Low	Low	Non-Low/Mod
☐ 1 person	☐ Below \$20,151	☐ \$20,151 to \$33,550	☐ \$33,551 to \$53,700	☐ Over \$53,700
☐ 2 people	☐ Below \$23,001	☐ \$23,001 to \$38,350	☐ \$38,351 to \$61,350	☐ Over \$61,350
☐ 3 people	☐ Below \$25,901	☐ \$25,901 to \$43,150	☐ \$43,151 to \$69,000	☐ Over \$69,000
☐ 4 people	☐ Below \$28,751	☐ \$28,751 to \$47,900	☐ \$47,901 to \$76,650	☐ Over \$76,650
☐ 5 people	☐ Below \$31,051	☐ \$31,051 to \$51,750	☐ \$51,751 to \$82,800	☐ Over \$82,800
☐ 6 people	☐ Below \$33,351	☐ \$33,351 to \$55,600	☐ \$55,601 to \$88,950	☐ Over \$88,950
☐ 7 people	☐ Below \$35,651	☐ \$35,651 to \$59,400	☐ \$59,401 to \$95,050	☐ Over \$95,050
☐ 8 people	☐ Below \$37,951	☐ \$37,951 to \$63,250	☐ \$63,251 to \$101,200	☐ Over \$101,200

I hereby certify that my household size and gross annual household income are as stated above. I consent to verification of this information by the service provider, the City of Santa Cruz, or other governmental officials as required.

 Signature of Head of Household

 Date

 Print Name of Head of Household

Is Head of Household female?

☐ YES

☐ NO

Is any member of the Household Disabled?

☐ YES

☐ NO

 Address

EXHIBIT "L"

HOUSING OCCUPANCY STATISTICS

Program/Project Name: _____

Subrecipient/Agency Name: _____

Reporting Period: _____

UNIT ADDRESS	NO. OF BDRMS	% OF AREA MEDIAN 1 - 0-30% 2 - 31-50% 3 - 51-60% 4 - 61-80%	RACE OF HEAD OF HOUSEHOLD 1 - White 2 - Black or African American 3 - Native American or Alaska Native 4 - Native Hawaiian or other Pacific Islander 5 - Asian 6 - Black or African American <i>and</i> White 7 - Native American or Alaska Native <i>and</i> White 8 - Native Hawaiian or other Pacific Islander <i>and</i> White 9 - Asian <i>and</i> White 10-Other	ETHNICITY OF HEAD OF HOUSE- HOLD (Check if Head of Household is also Hispanic Ethnicity)	HOUSEHOLD TYPE 1 - Single/ Non- Elderly 2 - Elderly 3 - Related/ Single Parent 4 - Related/ 2 Parent 5 - Other	TENANT RENT CONTRI- BUTION	RENT SUBSIDY AMOUNT	ASSISTANCE TYPE 1 - Section 8 2 - HOME Tenant-based Assist. 3 - Vacant 4 - Other 5 - No Assistance

EXHIBIT "M"

RENTAL PROPERTY ANNUAL COMPLIANCE REPORT

Project Address:	Annual Report Due: February 1
Designated unit(s):	
Owner:	
Funding Source:	

The following information is contained within this report:

Exhibit "A"	Certification of Payment of Property Taxes and Insurance.
Exhibit "B"	Proof of Participation in Subsidized Low-Income Affordable Housing Program.
Exhibit "C"	Changes in Locations or Designations of Units.
Exhibit "D"	Owner Certification of Tenancy.
Exhibit "E"	Tenant Declaration of Household Income <i>(for each designated unit)</i> .
Exhibit "F"	Tenant Declaration of Household Composition <i>(for each designated unit)</i> .
Exhibit "G"	Owner Certification of Rent Increases <i>(for each designated unit)</i> .
Exhibit "H"	Tenant Declaration of Rent <i>(for each designated unit)</i> .
Exhibit "I"	Owner Declaration of Rent <i>(for each designated unit)</i> .
Exhibit "J"	Owner Statement Regarding Condition of Unit.
Exhibit "K"	Owner Certification of Lead-Based Paint Notification.

In accordance with the Agreement between the Subrecipient and the City of Santa Cruz, the following information is hereby submitted. Owner(s) signature below certified that the information contained herein is correct.

Owner

Date

Owner

Date

EXHIBIT M-"A"

CERTIFICATION OF PAYMENT OF PROPERTY TAXES AND INSURANCE

I/We hereby certify that all past and current property taxes are paid in full and all fire insurance and flood insurance (if required) are in effect as of the date of this report.

Owner

Date

Owner

Date

(Attach copies of paid property tax receipts and current fire and flood insurance certificates)

EXHIBIT M- "B"

**PROOF OF PARTICIPATION IN SUBSIDIZED LOW-INCOME
AFFORDABLE HOUSING PROGRAM**

I/We hereby certify that as of the date of this report, rents for units designated under the Agreement

☐ are ☐ are not subsidized by an affordable housing program.

Owner

Date

Owner

Date

If any of the rents for designated units are subsidized by an affordable housing program, the following documentation is provided in accordance with the Agreement:

1. Proof of participation in an affordable housing program administered by the Housing Authority of the County of Santa Cruz.
2. Proof of tenant eligibility for the affordable housing program.

EXHIBIT M- "C"

CHANGES IN LOCATIONS OR DESIGNATIONS OF UNITS

I/We certify that the following designated units are registered under the terms of the Agreement.

(identify unit(s) by number, letter, or other designation)

Owner

Date

Owner

Date

EXHIBIT M- "D"

OWNER CERTIFICATION OF TENANCY

I/We certify that the following information accurately reflects the rental history of the designated units.

UNIT #

HOUSEHOLD NAME	DATE UNIT OCCUPIED	DATE UNIT VACATED
1.		
2.		
3.		
4.		

UNIT #

HOUSEHOLD NAME	DATE UNIT OCCUPIED	DATE UNIT VACATED
1.		
2.		
3.		
4.		

UNIT #

HOUSEHOLD NAME	DATE UNIT OCCUPIED	DATE UNIT VACATED
1.		
2.		
3.		
4.		

Owner

Date

Owner

Date

EXHIBIT M- "E"

TENANT DECLARATION OF HOUSEHOLD INCOME

TOTAL HOUSEHOLD INCOME: List in the table below all money earned or received by everyone living in your household. This includes money from wages, self-employment, child support, contributions, Social Security, disability payments (SSI), Worker's Comp., retirement benefits, AFDC, Veteran's benefits, rental property income, stock dividends, income from bank accounts, alimony, and all other sources. See back of this page for further clarification of what income and assets must be reported.

TOTAL HOUSEHOLD INCOME

Name of Household Member	Name of Employer	Total Gross Weekly Wages	AFDC	Monthly Child Support	Social Security Benefits	Unemployment Benefits	Other Income

ASSETS: Answer (Y)es or (N)o to the following questions. If (Y)es, list information on a separate sheet of paper and attach.

1. Do you or any household member own or have an interest in any real estate, boat, or mobile home? ____.
2. Have you sold any real estate in the last two years? ____.
3. Do you own any stock or bonds? ____.
4. Do you have savings account(s)? _____. If yes, list bank(s), account number(s), and amounts.
5. Do you own a car? _____. If yes, state Model/Year _____.
6. Do you own a second car? _____. If yes, list Model/Year _____.

DECLARATIONS: Answer (Y)es or (N)o to the following questions. If (Y)es, explain on a separate sheet of paper and attach.

1. Does anyone outside of your household pay for any of your bills or give you money? ____.
2. Have you or any other adult members ever used any name(s) or Social Security number(s) other than the ones you are currently using? ____.
3. Are you currently receiving housing assistance (Section 8 certificate etc.)? ____.
4. Have you or any member previously lived in assisted housing? _____. If yes, list where and when.
5. Have you ever committed any fraud in a Federally-assisted housing program or been requested to repay money for knowingly misrepresenting information for such housing programs? _____. If yes, explain.

I do hereby swear under penalty of perjury that all of the information above about me is true and correct. I authorize the City of Santa Cruz or its agents to verify the information contained herein. I understand that all changes in the income of any member of the household as well as any change in the household membership must be reported to the Unified Housing Rehabilitation Program in writing immediately.

Signature of Head of Household Date

Signature of Spouse Date

Signature of Other Adult Date

Signature of Other Adult Date

Address and Unit No.

Composition and Sources of Income and Assets

Annual income is the anticipated total of monetary benefits from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family. It includes all annual net income derived from assets.

A. Family Income includes, but is not limited to:

1. Gross earnings before any payroll deductions of head of household, spouse's gross earnings, and gross earnings of all other members of the family who share the household.
2. Net income from operation of a business or profession.
3. Interest and dividends and other net income of any kind from real or personal property. Where a family has assets in excess of \$5,000, a percentage of the value of these assets (or the actual income from these assets if this is a higher figure) shall be added to the household's annual income and this combined figure must be less than the maximum allowable income for that size household. The percentage amount shall be based on the current passbook savings rate, as determined by HUD, and is available on request from the housing rehabilitation program.
4. Annuities, retirement income, pensions, insurance policies, disability or death benefits, social security benefits and other similar types of periodic receipts, including lump-sum payment for the delayed start of a periodic payment.
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see B3 below).
6. Welfare assistance payments.
7. Alimony, child support, regular contributions or gifts from persons not residing in the dwelling.
8. Armed Forces regular pay, special pay and allowances (but see B7. below).
9. Any earned income tax credit to the extent it exceeds tax liability.

B. The following are not considered income:

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children.
3. Lump sum additions to family assets, such as inheritances, insurance payments, capital gains and settlements for personal or property losses (but see A5. above).
4. Amounts received or reimbursed specifically for medical expenses.
5. Income of a live-in aide.
6. Scholarships and student aid to veterans. Any surplus amounts of such monies shall be included in income.
7. Special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
8. Amounts received under training programs funded by HUD.
9. Amounts received by a disabled person under a Plan to Attain Self-Sufficiency (PASS) program.
10. Public assistance amounts for expenses related to participation in specific programs.
11. Temporary, nonrecurring or sporadic income (including gifts).
12. Reparations paid by a foreign government to persons persecuted under the Nazi era.
13. Amounts specifically excluded by Federal statute as published periodically in the Federal Register.

C. Assets are defined as:

1. Cash
2. Marketable securities, bonds, capital gains.
3. Inheritance, lump sum insurance payments (including Worker's Compensation settlements).
4. Settlements for person or property damage.
5. Equity in real estate, excluding the equity in a homeowner's principal residence when that homeowner is participating in an owner-occupied rehabilitation project. (See also D4 below).
6. Other personal property which is readily convertible into cash.

D. Assets do not consist of:

1. IRA accounts and similar pension plans.
2. Ordinary household effects readily convertible to cash such as furniture, fixtures, etc.
3. Reasonable transportation.
4. Interests in Indian trust land, the equity in a housing co-operative unit, or the equity in a manufactured home in which the family resides.

The City of Santa Cruz does not discriminate against persons with disabilities. If you need special assistance with translation or communication (e.g. translator, sign language interpreter or reader) in order to read and understand this document, please call the City of Santa Cruz at (831) 420-6250. The City of Santa Cruz TDD (Telecommunication Device for the hearing impaired) is 831-420-5259 or call the Cal-Relay system number at (800) 735-2922.

EXHIBIT M- "F"

DECLARATION OF HOUSEHOLD COMPOSITION

Complete this form using the correct legal name for each member of your household as it appears on the Social Security card. All adult members of the household must sign below certifying the information pertaining to them. Please print.

HOUSEHOLD COMPOSITION: List all the persons who currently live in your home.

Adults (Legal Name) List Head of Household First	Date of Birth	Relationship to Head of Household	Social Security Number
		N/A	

RACE ETHNICITY OF HEAD OF HOUSEHOLD (Check applicable column)

☐ White (non-Hispanic)	☐ Black (non-Hispanic)	☐ Native American	☐ Asian Pacific Islander	☐ Hispanic (all races)
---	---	--	---	---

Children (Name As It Appears on SS Card)	Date of Birth	Relationship to Head of Household

I do hereby swear under penalty of perjury that all of the information above about me is true and correct. I also understand that all changes in the income of any member of the household as well as any changes in the household members must be reported to the City of Santa Cruz Unified Housing Rehabilitation Program in writing immediately.

Signature of Head of Household Date

Signature of Spouse

Signature of Other Adult Date

Signature of Other Adult

Address and Unit No.

The City of Santa Cruz does not discriminate against persons with disabilities. If you need special assistance with translation or communication (e.g. translator, sign language interpreter or reader) in order to read and understand this document, please call the City of Santa Cruz at (831) 420-6250. The City of Santa Cruz TDD (Telecommunication Device for the hearing impaired) is 831-420-5259 or call the Cal-Relay system number at (800) 735-2922.

EXHIBIT M- "G"

OWNER CERTIFICATION OF RENT INCREASES

I/We certify that rents for the designated unit(s) ☐ were ☐ were not increased since the last date of the last Annual Compliance Report.

Owner

Date

Owner

Date

(If rents were increased since the time of the last Annual Compliance Report, attach copies of the rent increase notifications to the tenants).

TENANT DECLARATION OF RENTS

1. What was the monthly rent when you first moved into your unit?
2. What is monthly rent which you currently pay for your unit?
3. Does your rent include utilities ☐ yes ☐ no
4. If you pay utility companies directly for their services, please list the average monthly amount which you pay:

Santa Cruz Municipal Utilities (water, sewer, and garbage) \$_____

Address and Unit No.

EXHIBIT M- "I"

OWNER DECLARATION OF RENTS

INSTRUCTIONS TO OWNER: *Please fill out table below.*

UNIT NO.	INITIAL RENT	CURRENT RENT	UTILITIES INCLUDED IN RENT	
			YES	NO

I/We certify that the above information is correct.

Owner

Date

Owner

Date

EXHIBIT M- "J"

OWNER STATEMENT REGARDING CONDITION OF UNIT

I/We hereby certify that the designated unit ☐ is ☐ is not
in substantially the same condition as it was upon completion of the rehabilitation work.

I/We have undertaken the following repairs to the designated unit: *(Please list all repair and/or
maintenance work performed on the unit, if no repairs or maintenance was required, please so state below.)*

Owner

Date

Owner

Date

EXHIBIT M- "K"

OWNER CERTIFICATION OF LEAD-BASED PAINT NOTIFICATION
(Applicable for property constructed before 1978)

I/We certify that, prior to rental, all tenants received written notification concerning lead-based paint poisoning, its symptoms and treatment, and the precautions to be taken to avoid lead-based paint poisoning.

Owner

Date

Owner

Date

(Attach copies of forms signed by tenants acknowledging receipt of lead-based paint poisoning notification).