



CITY OF GARDEN GROVE
PLANNING SERVICES DIVISION
11222 ACACIA PARKWAY
GARDEN GROVE, CA 92840
TEL: (714) 741-5312 FAX: (714) 741-5578
ggcity.org

Density Bonus Application
(Government Code §65915 et seq.)

Housing development project applicants intending to request a density bonus, incentives or concessions, modifications or waivers, and/or reduced parking pursuant to the [Section 65915 et seq.](#) of the California Government (Density Bonuses and Other Incentives) must complete the following application. For additional information regarding density bonuses and affordability agreements, please refer to [Section 9.12.030.070](#) of the Garden Grove Municipal Code, and to the Garden Grove Density Bonus Agreement Guidelines.

Date Filed: _____

DENSITY BONUS TYPE	
<i>Please check one of the following (as proposed at the time of application submittal):</i>	
<input type="checkbox"/>	100% of all units in the development, including Total Units and density bonus units, but exclusive of a manager's unit or units, are for low income households, as defined by Section 50079.5 of the Health and Safety Code, except that up to 20 percent of the units in the development, including Total Units and density bonus units, may be for moderate income households, as defined in Section 50053 of the Health and Safety Code.
<input type="checkbox"/>	At least 5% of the Total Units for very low income households, as defined in Section 50105 of the California Health and Safety Code.
<input type="checkbox"/>	At least 10% of the Total Units for lower income households, as defined in Section 50079.5 of the California Health and Safety Code.
<input type="checkbox"/>	At least 10% of the Total Units for moderate income households, as defined in Section 50093 of the California Health and Safety Code (common interest development offered to the public for purchase unless on-site option for Impact Fees, see 15.72.100.B.4).
<input type="checkbox"/>	A senior citizen housing development, as defined in Sections 51.3 and 51.12 of the California Civil Code.
<input type="checkbox"/>	At least 10% of the Total Units for transitional foster youth, as defined in California Education Code section 66025.9 (very low income households as defined in Section 50105 of the California Health and Safety Code).
<input type="checkbox"/>	At least 10% of the Total Units for disabled veterans, as defined in California Government Code Section 18541 (very low income households as defined in Section 50105 of the California Health and Safety Code).
<input type="checkbox"/>	At least 10% of the Total Units for homeless persons, as defined in the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301 et seq.) (very low income households, as defined in Section 50105 of the California Health and Safety Code).
<input type="checkbox"/>	At least 20% of the Total Units for lower income students in a student housing development (that satisfies the requirements of California Government Code Section 65915(b)(1)(F)).
<input type="checkbox"/>	Land donation (at least one acre in size, or of sufficient size to permit development of at least 40 units and otherwise satisfies the requirements of California Government Code Section 65915(g).)
<input type="checkbox"/>	Child care facility (that satisfies the requirements of California Government Code Subsection 65915(h)).
<input type="checkbox"/>	Condominium Conversion (that satisfies the requirements of California Government Code 65915.5)).
PRIMARY CONTACT INFORMATION	
Name:	
Contact Type: <input type="checkbox"/> Architect <input type="checkbox"/> Engineer <input type="checkbox"/> Property Owner <input type="checkbox"/> Representative <input type="checkbox"/> Other	
Mailing Address:	
City, State, Zip Code:	
Phone No.:	
E-mail:	
PROPERTY OWNER CONTACT INFORMATION (If different than Primary Contact)	
Name:	
Mailing Address:	
City, State, Zip Code:	
Phone No.:	
E-mail:	

PROJECT INFORMATION:		
Project Address:		
APN(s):		
Zoning & General Plan Land Use:		
Maximum Allowable Residential Density (before density bonus):		
Total Base Number of Housing Units (before density bonus):		
Market Rate Base Housing Units (before density bonus):		
Affordable Base Housing Units (before density bonus):		
Size of Market Rate Units (# of Studios, 1 bedroom, 2 bedroom, etc.):		
Size of Affordable Units (# of Studios, 1 bedroom, 2 bedroom, etc.):		
Proposed number of Very Low Income units :		
Proposed number of Low Income units :		
Proposed number Moderate Income units :		
Percentage of Total Base Housing Units that are Affordable:		
Maximum Density Bonus Percentage (See Density Bonus Chart):		
Number of Required Parking Spaces:		
Number of Parking Spaces Provided:		
Residential Tenure: Does the project propose rental or ownership units?		
DENSITY BONUS REQUEST		
Density Bonus Percentage (calculate using "Density Bonus Chart"):		
Total Number of Density Bonus Units:		
Total Units in Development After Density Bonus is Applied:		
<i>If requesting a Density Bonus for the following project types, please check the appropriate box and provide the following information:</i>		
<input type="checkbox"/>	Land Donation	Address (or APN) of land to be dedicated: Attach proof of site control. Attach evidence of meeting conditions for a land transfer density bonus as specified in the State Housing Density Bonuses and Incentives Law
<input type="checkbox"/>	Child-Care Facility	Address and APN of child-care facility: Square footage of facility: Attach evidence of meeting conditions for a child care facility density bonus or Incentive as specified in the State Housing Density Bonuses and Incentives Law.
<input type="checkbox"/>	Condominium Conversion	Attach evidence of meeting conditions for a condominium conversion Density Bonus as specified in the State Housing Density Bonuses and Incentives Law.

INCENTIVES/CONCESSIONS REQUEST

An applicant for a density bonus may also propose specific incentives/concessions pursuant to Subsection (d) of Government Code Section 65915. The number of incentives/concessions an applicant may receive is based on the number of affordable units and level of affordability provided. Use the Incentives/Concessions Calculator below to determine the number of incentives or concessions you are eligible for.

INCENTIVES/CONCESSIONS CALCULATOR

Affordability Level	Restricted Affordable Units Provided in Project	% of Base Project	Threshold for one (1) Incentive/Concession (# of units)		Threshold for two (2) Incentives/Concessions (# of units)		Threshold for three (3) Incentives/Concessions (# of units)		Threshold for four (4) Incentives/Concessions* (# of units)	
Very Low Income			5%		10%		15%		100% affordable with ≥80% low income, ≤20% moderate	
Low Income			10%		17%		24%			
Moderate Income			10%		20%		30%			

** If a 100% affordable project is located within ½ mile of a major transit stop, the project is eligible for a height increase of up to three (3) additional stories, or thirty-three feet (33'-0"); however, if the project also seeks a waiver from any maximum controls on density, the project cannot receive a waiver of any other development standards (but can still receive four incentives). If this allowance is sought, please describe/identify the major transit stop that is within ½ mile of the qualifying 100% affordable project:*

DESCRIPTION OF INCENTIVES/CONCESSIONS REQUESTED

List all requested incentives/concessions. If a reduction in site development standards or a modification of zoning code requirements is sought, include references to specific Municipal Code Sections in question, and reference the requested incentives/concessions on the submitted plans.

Provide evidence substantiating the applicant's eligibility for each incentive/concession requested, including information that clearly demonstrates that the requested incentive/concession will result in identifiable and actual cost reductions to provide for affordable housing costs. The Applicant may attach additional documentation as required.

MODIFICATION/WAIVER REQUEST

<i>Pursuant to Subsection (e) of Government Code Section 65915, an applicant may also propose the waiver or reduction of development standards that have the effect of physically precluding the construction of a housing development incorporating the density bonus and any incentives or concessions granted to the applicant.</i>
--

DESCRIPTION OF MODIFICATIONS/WAIVERS REQUESTED

<i>List all development standards for which you are seeking a waiver or reduction pursuant to Subsection (e) of Government Code Section 65915. Include references to specific Municipal Code Sections in question, and reference development standards to be modified or waived on the submitted plans.</i>

<i>Provide evidence substantiating the applicant's eligibility for each waiver or reduction of a development standard being requested, including documentation demonstrating that the waiver or reduction is physically necessary to construct the housing development with the additional density allowed pursuant to the density bonus and incorporating any incentives or concessions required to be granted. Where more than one modification or waiver is sought, the applicant should clearly demonstrate why the modifications/waivers are cumulatively necessary to prevent a development standard from physically precluding the construction of the development.</i>
--

PARKING RATIOS	
<i>Are you requesting application of the onsite vehicular parking ratios set forth in Subsection (p)(1) of Government Code Section 65915?</i>	
<input type="checkbox"/> Yes	<input type="checkbox"/> No
SPECIAL PARKING REQUIREMENTS	
<i>If you are requesting application of a reduced onsite parking ratio pursuant to Subsections (p)(2), (p)(3), or (p)(4) of Government Code Section 65915, select the onsite parking standard requested per the appropriate development type:</i>	
<input type="checkbox"/>	Rental/for sale projects with at least 11% very low income or 20% lower income units, within ½ mile of accessible major transit stop** – 0.5 spaces per unit
<input type="checkbox"/>	Rental projects 100% affordable to lower income, within ½ mile of accessible major transit stop** – 0 spaces per unit
<input type="checkbox"/>	Rental senior projects 100% affordable to lower income, either with paratransit service or within ½ half mile of accessible bus route** (operating ≥8 times per day) – 0 spaces per unit
<input type="checkbox"/>	Rental special needs projects 100% affordable to lower income households, either with paratransit service or within ½ half mile of accessible bus route** (operating ≥8 times per day) – 0 spaces per unit
<input type="checkbox"/>	Rental supportive housing developments 100% affordable to lower income households – 0 spaces
<i>** If applicable, please describe/identify the major transit stop or accessible bus route that is within ½ mile of the project.</i>	
ASSOCIATED HOUSING DEVELOPMENT FORMS & APPLICATIONS	
<i>Dependent upon the nature of the request, and the design of the project, the following forms may also be required:</i>	
<input type="checkbox"/> Replacement Unit Determination	<input type="checkbox"/> SB 330 Housing Development Pre-Application
<input type="checkbox"/> SB 35 Housing Streamlining Eligibility Checklist	<input type="checkbox"/> Preliminary Development Review Application

CERTIFICATION:

I certify and declare under penalty of perjury under the laws of the State of California that the answers furnished above, and in any attached exhibits, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief. I further understand that additional information may be required by the City of Garden Grove to complete my review. Furthermore, developments requesting a density bonus shall enter into a density bonus housing agreement with the City. A density bonus housing agreement shall be made a condition of the discretionary planning permits for all housing developments, and shall be recorded as a restriction on any parcels on which the target units or density bonus units will be constructed. The density bonus housing agreement shall be recorded prior to final or parcel map approval, or, where the housing development does not include a map, prior to issuance of a building permit for any structure in the housing development. The density bonus housing agreement shall run with the land and bind on all future owners and successors in interest.

Applicant Signature

Date

Property Owner Signature

Date

Density Bonus Chart*							
Affordable Unit Percentage**	Very Low Income Density Bonus	Low Income Density Bonus	Moderate Income Density Bonus***	Land Donation Density Bonus	Senior****	Foster Disabled Youth/ Homeless Vets/	College Students
5%	20%	-	-	-	20%	-	-
6%	22.50%	-	-	-	20%	-	-
7%	25%	-	-	-	20%	-	-
8%	27.50%	-	-	-	20%	-	-
9%	30%	-	-	-	20%	-	-
10%	32.50%	20%	5%	15%	20%	20%	-
11%	35%	21.50%	6%	16%	20%	20%	-
12%	38.75%	23%	7%	17%	20%	20%	-
13%	42.50%	24.50%	8%	18%	20%	20%	-
14%	46.25%	26%	9%	19%	20%	20%	-
15%	50%	27.50%	10%	20%	20%	20%	-
16%	50%	29%	11%	21%	20%	20%	-
17%	50%	30.50%	12%	22%	20%	20%	-
18%	50%	32%	13%	23%	20%	20%	-
19%	50%	33.50%	14%	24%	20%	20%	-
20%	50%	35%	15%	25%	20%	20%	35%
21%	50%	38.75%	16%	26%	20%	20%	35%
22%	50%	42.5%	17%	27%	20%	20%	35%
23%	50%	46.25%	18%	28%	20%	20%	35%
24%	50%	50%	19%	29%	20%	20%	35%
25%	50%	50%	20%	30%	20%	20%	35%
26%	50%	50%	21%	31%	20%	20%	35%
27%	50%	50%	22%	32%	20%	20%	35%
28%	50%	50%	23%	33%	20%	20%	35%
29%	50%	50%	24%	34%	20%	20%	35%
30%	50%	50%	25%	35%	20%	20%	35%
31%	50%	50%	26%	35%	20%	20%	35%
32%	50%	50%	27%	35%	20%	20%	35%
33%	50%	50%	28%	35%	20%	20%	35%
34%	50%	50%	29%	35%	20%	20%	35%
35%	50%	50%	30%	35%	20%	20%	35%
36%	50%	50%	31%	35%	20%	20%	35%
37%	50%	50%	32%	35%	20%	20%	35%
38%	50%	50%	33%	35%	20%	20%	35%
39%	50%	50%	34%	35%	20%	20%	35%
40%	50%	50%	35%	35%	20%	20%	35%
41%	50%	50%	38.75%	35%	20%	20%	35%
42%	50%	50%	42.50%	35%	20%	20%	35%
43%	50%	50%	46.25%	35%	20%	20%	35%
44%	50%	50%	50%	35%	20%	20%	35%
100%*****	80%	80%	80%	35%	20%	20%	35%
*All density bonus calculations resulting in fractions are rounded up to the next whole number							
**Affordable unit percentage is calculated excluding units added by a density bonus.							
***Moderate income density bonus applies to for sale units, not to rental units.							
****No affordable units are required for senior units.							
*****Applies when 100% of the total units (other than manager's units) are restricted to very low, lower and moderate income (maximum 20% moderate).							

Garden Grove Density Bonus Agreement Guidelines

Housing development projects applicants that receive a density bonus, incentives or concessions, modifications or waivers, and/or reduced parking pursuant to the Section 65915 et seq. of the California Government (Density Bonuses and Other Incentives) and the City's density bonus ordinance are required to enter into a density bonus housing agreement with the City in the form approved by the City Attorney to ensure the continued affordability of all affordable units, the continued reservation of such units for qualifying senior citizens, and the requirements of the City's density bonus ordinance and these Guidelines.

Prior to receiving a building permit for any project that receives a density bonus or any incentive, concession, waiver, or reduction of development standards, the density bonus housing agreement shall be recorded as a covenant against the property. The agreement shall remain a senior, non-subordinate covenant and as an encumbrance running with the land for the full term thereof. In no event shall the agreement be made junior or subordinate to any deed of trust or other documents providing financing for the construction or operation of the project, or any other lien or encumbrance whatsoever for the entire term of the required covenants.

A sample of the City's standard density bonus housing agreement containing the requirements typically applied to density bonus projects is attached to these Guidelines. Standard requirements of the density bonus housing agreement include, but are not limited to, the following:

Affordability Covenants

Rental Projects

- The property owner must ensure the continued affordability of all very low and low-income rental units that qualified the applicant for the density bonus for 55 years or longer. This includes any replacement units required to be provided pursuant to subdivision (c)(3) of California Government Code Section 65915.
- Throughout the term of the 55-year term of the agreement, the owner must make available, restrict occupancy to, and rent the affordable units to qualified households at an "affordable rent." Maximum household income and rental amounts are based on State law and the area median income ("AMI") determined annually by regulation of the California Department of Housing and Community Development ("HCD"). For very low income units, rents generally may not exceed 30% of 50% of AMI for a household size appropriate for the unit. For lower income units, rents generally may not exceed 30% of 60% of AMI for a household size appropriate to the unit. In 100% affordable housing developments, the rent for at least 20% of the units must meet the rent standards of California Health and Safety Code Section 50053, and the remaining units may instead meet Low Income Housing Tax Credit rent standards. Copies of the most current rent and income limits as published by the State are available to applicants upon request from City staff.

- Annually, during the 55-year affordability period, the property owner is required to submit a Tenant Income Certification Form for each restricted unit, as well as an Annual Project Compliance Form for the project as a whole. Copies of the most current rent and income limits as published by the State and the required Tenant Income Certification Form and Annual Project Compliance Form are available to applicants upon request from City staff.

For-Sale Projects

- The property owner must ensure that the initial occupant of all for-sale units that qualified the applicant for the density bonus are persons and families of very low, low, or moderate income (as applicable), and that the units are sold to the initial buyer at an "affordable housing cost" (as defined in Section 50052.5 of the California Health and Safety Code). This includes any replacement units required to be provided pursuant to subdivision (c)(3) of California Government Code Section 65915. Housing related costs include mortgage payments, mortgage insurance payments, property taxes and assessments, homeowner association fees, reasonable utilities allowance, insurance premiums, maintenance costs, and space rent. For very low income units, housing costs generally may not exceed 30% of 50% of AMI for a household size appropriate for the unit. For lower income unit, housing costs generally may not exceed 30% of 70% of AMI for a household size suitable for the unit. For moderate income units, housing costs generally may not exceed 35% of 110% of AMI for a household size appropriate for the unit.
- Buyers must enter into an equity sharing agreement with the City outlining the terms and conditions that are triggered if the affordable unit is sold before the termination of the affordability covenants. The equity sharing agreement does not restrict the resale price, but requires the original owner to pay the City a portion of any appreciation received on resale. The City's proportions share of appreciation is the purchase price discount received by the original buyer, plus any down payment assistance provided by the City. For example, if the original sales price is \$300,000, and the original fair market value is \$400,000, and there is no city down payment assistance, the city subsidy is \$100,000, and the City's share of appreciation is 25%. The seller is permitted to retain its original down payment, the value of any improvements made to the home, and the remaining share of the appreciation.
- Prior to entering into a purchase agreement with a buyer for an affordable unit, the applicant is required to submit to the City an Income Certification Form and an acknowledgment signed by the purchasing party as to their understanding of the equity sharing component.

Provisions regarding Section 8 Vouchers for Rental Projects

The applicant shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor; provided, the applicant shall not rent one of the affordable units to a tenant household holding a Section 8 certificate unless none of the Housing Units not restricted to occupancy by the affordability covenants are available. If the only available housing unit is an affordable unit, the applicant shall no longer designate the housing unit rented to a tenant household holding a Section 8 certificate as an affordable unit, shall designate the next-available housing unit as an affordable unit, and shall make available, re-strict occupancy to, and rent such newly designated affordable unit to a qualified tenant at the applicable affordable rent pursuant to the affordability covenants, such that at all times reasonably possible all of the required affordable units shall not be occupied by tenants holding Section 8 certificates. Furthermore, in the event the applicant rents an affordable unit to a household holding a federal certificate, the rental agreement (or lease agreement, as applicable) between the applicant, as landlord, and the tenant shall expressly provide that monthly rent charged shall be the affordable rent required for the affordable unit (not fair market rent) and that the rent collected directly from such tenant holding a federal certificate shall be not more than 30% of the tenant's actual gross income pursuant to the applicable federal certificate program regulations; i.e., the rent charged to such tenant under the rental agreement shall be the affordable rent chargeable under the affordability covenant and not fair market rent for the area, as would otherwise be permitted under the applicable federal certificate program. If and to the extent these restrictions conflict with the provisions of Section 8 of the United States Housing Act of 1937 or any rules or regulations promulgated thereunder, the provisions of Section 8 of the United States Housing Act of 1937 and all implementing rules and regulations thereto shall control. The applicant shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Construction and Integration of Affordable Units

Construction of Affordable Units. The affordable units that qualify the project as eligible for a density bonus, must be constructed concurrently with or prior to the construction of any market rate units.

Integration of Affordable Units. The affordable units must be integrated with the market rate units so that there is a mix of affordable and market rate units, if any, in each building of the development project. For rental project, the affordable units may be "floating" units that are not permanently designated, provided that at no time shall a majority of the affordable units be congregated to a specific section of the project.

Marketing and Management

Marketing Program. Prior to the issuance of a certificate of occupancy for the project, the applicant shall prepare and obtain City's approval of a marketing program for the leasing or sale of the housing units, which sets forth in detail marketing strategy for the Project. The leasing or sale of the housing units shall thereafter be marketed in accordance with the marketing program. Developer shall provide City with periodic reports with respect to the leasing or sale of the housing units. The marketing program for rental projects may be combined with the required management plan.

Management Plan. Prior to the issuance of the certificate of occupancy for a rental project, the applicant shall submit for the approval of the City a management plan which sets forth in detail the applicant's property management duties, a tenant selection process in compliance with the required affordability restrictions, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the property and manner of enforcement, a standard lease form, an operating budget, the identity of the professional property management company to be contracted with to provide property management services at the property, and other matters relevant to the management of the property.

Sample marketing and management plans may be obtained from City staff upon request.

For additional information regarding the requirements for density bonus housing agreements, please contact Nate Robbins, Senior Program Specialist, in Neighborhood Improvement at (714) 741-5206 or nater@ggcity.org.

**SAMPLE DENSITY BONUS HOUSING AGREEMENT
(LOWER INCOME RENTAL PROJECT)**

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Clerk

APN: _____

This document is recorded at the request and for the benefit of the City of Garden Grove and exempt from payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

**DENSITY BONUS HOUSING AGREEMENT
(___ Units Apartments at [ADDRESS].)**

[THIS AGREEMENT CONTAINS SUBORDINATION REQUIREMENTS TO PRESERVE
PRIORITY OF LAND USE AND REGULATORY COVENANTS]

This **DENSITY BONUS HOUSING AGREEMENT** ("Agreement"), dated for identification purposes only as of _____, ____ ("Date of Agreement"), is entered into by and between the **CITY OF GARDEN GROVE**, a California municipal corporation ("City"), and **[DEVELOPER'S NAME]** ("Developer").

RECITALS

A. Developer is the owner of approximately _____ square feet of real property in the City, generally located at 8218-8242 Garden Grove Blvd., Garden Grove, California, as more particularly described in the Legal Description attached hereto as Exhibit A and incorporated herein ("Site").

B. Developer submitted an application to City for approval of a site plan to construct a ____-unit apartment project on the Site with a ____% affordable housing density bonus for low-income families ("Project").

C. In response to Developer's application, pursuant to Planning Commission Resolution No. _____, the City approved Site Plan No. _____ for the Project, subject to certain "Conditions of Approval," which were accepted by Developer, as evidenced by Developer's execution of a "Notice of Agreement with Conditions of Approval and Discretionary Permit Approval" and recordation of such notice in the Official Records of Orange County on _____, ____ as Instrument No. _____.

D. The City will grant _____ concessions to the Project pursuant to California Government Code Section 65915, *et seq.*, and Garden Grove Municipal Code Section 9.12.030.070 (collectively, "Density Bonus Law"), in exchange for Developer's agreement to

restrict ___ of the ___ rental Housing Units at the Site to rental to and occupancy by Lower Income Households at an Affordable Rent (as those terms are defined below).

E. In connection with the density bonus and concessions granted to the Project, the Density Bonus Law and the Garden Grove Municipal Code require Developer to enter into this Agreement with City to implement Developer's affordable housing obligations at the Project. Pursuant to the Density Bonus Law and the Conditions of Approval, this Agreement must be executed and recorded against the Site in the Official Records of Orange County, California prior to City's issuance of building permits for the Project.

F. Developer and City desire to enter into this Agreement to provide for Developer's rental of ___ of the ___ rental Housing Units at the Site to Lower Income Households at an Affordable Rent, as required by the Density Bonus Law, and the Conditions of Approval, in accordance with the terms, conditions, and restrictions set forth below in this Agreement.

G. This Agreement shall be recorded, prior to the issuance of building permits for the Project, in the Official Records of Orange County, California, as senior, non-subordinate covenants and as an encumbrance running with the land for the full Term (defined below) of this Agreement. In no event shall this Agreement be made junior or subordinate to any deed of trust or other documents providing financing for the construction or operation of the Project, or any other lien or encumbrance whatsoever for the entire Term of this Agreement. Nor shall this Agreement be made junior or subordinate to any extension, amendment, or modification of any lien or encumbrance recorded against the Site prior to the date hereof.

I. The foregoing Recitals are true and correct and constitute a substantive part of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the City and Developer agree as follows:

Section 1. Definitions.

(i) Affordable Rent. Affordable Rent means an affordable rent for Lower Income Households, as defined in California Health and Safety Code Section 50053. For Lower Income Households whose gross incomes exceed the maximum income for low income households (as defined in Health and Safety Code Section 50105), Affordable Rent means the product of thirty (30) percent times sixty (60) percent of the Area Median Income for Orange County adjusted for family size appropriate to the unit. "Adjusted for family size appropriate to the unit" has the same meaning as in Health and Safety Code Section 50052.5(h).

For purposes of this Agreement, "Affordable Rent" means the total of monthly payments for (a) use and occupancy of each Affordable Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone, internet, television or digital access services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and real property facilities associated therewith by a public or private entity other

than Developer. In the event that all utility charges are paid by the landlord rather than the tenant, no utility allowance shall be deducted from the rent.

(ii) Affordable Units. Affordable Units means the ____ Housing Units at the Project which are required to be made available for, rented to, and occupied by Lower Income Households paying an Affordable Rent, as set forth in more detail below.

(iii) Agreement. Agreement means this Density Bonus Housing Agreement between City and Developer.

(iv) Area Median Income. Area Median Income means the median income as determined and published annually for each county in California by the California Department of Housing and Community Development.

(v) City. City means the City of Garden Grove, a California municipal corporation.

(vi) Conditions of Approval. Conditions of Approval means the conditions imposed by the City in connection with the approval of Developer's Site Plan No. _____ with the approval of Planning Commission Resolution No. 5944-19, as referenced in that certain "Notice of Agreement with Conditions of Approval and Discretionary Permit Approval" recorded in the Official Records of Orange County on _____, 2019 as Instrument No. _____.

(vii) Date of Agreement. Date of Agreement means the date set forth in the first paragraph of this Agreement.

(viii) Density Bonus Law. Density Bonus Law means California Government Code Section 65915, *et seq.*, and Garden Grove Municipal Code Section 9.12.030.070. In the event of a conflict between State and City law, Government Code Section 65915 *et seq.* shall control.

(ix) Developer. Developer means _____, and all of his/her/its successors and assigns.

(x) Housing Units. Housing Units means each of the ____ total residential rental units to be constructed by Developer at the Site. The Housing Units range in size at ____ - ____ square feet (one-bedroom), ____ - ____ square feet (two-bedroom), and ____ - ____ square feet (three-bedroom) units.

(xi) Lower Income Household. Lower Income Household has the meaning set forth in California Health and Safety Code Section 50079.5.

(xii) Project. Project means the ____-unit apartment complex to be constructed by Developer on the Site, which includes the Housing Units, all in accordance with Site Plan No. _____, the Conditions of Approval, and this Agreement.

(xiii) Site. Site means that certain _____ square feet of real property in the City, generally located at _____, Garden Grove, California, as more

particularly described in the Legal Description attached hereto as Exhibit A and incorporated herein.

(xiv) Term. Term means the term of effectiveness of this Agreement, which shall continue for 55 years from the date the final certificate of occupancy is issued for the Project.

Section 2. Density Bonus and Development Concessions and Incentives. As set forth in the Conditions of Approval and the Density Bonus Law, Developer petitioned for and was granted the following concessions and incentives as part of the approval of Developer's Site Plan No. _____ for the Project:

(i) Density Bonus. The Garden Grove Municipal Code permits a maximum density of _____ residential units for the Site. By providing _____ Housing Units reserved for Lower Income Households, the Density Bonus Law and the Conditions of Approval permit the Developer to develop the Site with an additional density of _____% for a total of _____ additional Housing Units.

(ii) Third Story Building Maximum Threshold. Garden Grove Municipal Code Section 9.12.040.050(C)(c) provides that for portions of buildings located beyond 40 feet from property zoned R-1, 50% of the building area may be situated in a three-story configuration at or below the 35-foot height limits. Site Plan No. _____ approves a waiver of this requirement, allowing 100% of the third floor to be built out.

(iii) Guest Parking Separation Waiver. Garden Grove Municipal Code Section 9.12.040.050(A)(2)(d) requires a minimum separation of 15 feet between residential units and open guest parking areas. Site Plan No. _____ approves a waiver of this requirement by allowing a distance between open guest parking areas and residences at 6 feet.

(iv) Parking. Garden Grove Municipal Code Section 9.12.040.180 requires a minimum of 3.25 parking spaces per dwelling unit to be provided in connection with multifamily residential developments similar to the Project. The Density Bonus Law requires the Project to provide a minimum of 1 space for each one-bedroom unit, and 2 spaces for each two and three-bedroom units. The Project includes _____ one-bedroom, _____ two-bedroom and _____ three-bedroom units for a total of _____ required on-site parking spaces. The Project will provide the required _____ spaces, including _____ attached tuck-under stalls, _____ remote carports and _____ open stalls.

Section 3. No Further Incentives or Waivers. Developer acknowledges and agrees that the waivers and incentives set forth in Section 2 above fully satisfy any duty City may have under the Garden Grove Municipal Code, the Density Bonus Law, or any other law or regulation applicable to the Project, to provide any development incentive or to waive any building, zoning, or other requirement. By this Agreement, Developer releases any and all claims Developer may have against City in any way relating to or arising from City's obligation to waive requirements of or provide development incentives pursuant to any state, federal, or local law, rule, or regulation applicable to the Project.

Section 4. Affordable Units. Developer hereby agrees to make available, restrict occupancy to, and rent _____ of the Housing Units at the Project to Lower Income Households at an Affordable Rent. The _____ Affordable Units shall be "floating" units that are not permanently designated; however, at no time shall all _____ Affordable Units be congregated to a certain section of the Project. The unit size of the Affordable Units shall range in size from _____ to _____ square feet. The _____ Affordable Units shall consist of 1-3 bedroom units that are part of the Project. A

minimum of __ one-bedroom, __ two-bedroom and __ three-bedroom units shall be reserved and allocated at all times. In accordance with Garden Grove Municipal Code Section 9.12.030.070(G)(4), all Affordable Units shall be of similar design and appearance of the total Project.

(a) A person or family (i.e., a “tenant household”) who qualifies as a Lower Income Household at the time he/she/it first occupies an Affordable Unit shall be deemed to continue to be so qualified until such time as a recertification of such tenant household’s income in accordance with Section 14 below demonstrates that such tenant household no longer qualifies as a Lower Income Household. Moreover, a unit previously occupied by a Lower Income Household and then vacated shall be considered occupied by such Lower Income Household for a temporary period until reoccupied, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) At such time as a tenant household occupying an Affordable Unit ceases to qualify as a Lower Income Household, the unit occupied by such tenant household shall cease to be an Affordable Unit. Developer shall replace each such Affordable Unit by designating the next available unit and any necessary units thereafter as an Affordable Unit. For purposes of this Agreement, such designated unit will be considered an Affordable Unit if it is held vacant and available for occupancy by a Lower Income Household and, upon occupancy, the income eligibility of the tenant household as a Lower Income Household is verified and the tenant household pays an Affordable Rent.

(c) In the event a tenant household occupying an Affordable Unit initially qualifies as a Lower Income Household but the income of such tenant household increases, such increase shall not be deemed to result in a violation of the restrictions of this Agreement concerning limitations upon income of occupants, provided that the occupancy by such household is for a reasonable time of not to exceed one year (measured from the time the income of the household ceases to qualify as a Lower Income Household), at which time the Housing Unit shall cease to be an Affordable Unit and the provisions of the immediately preceding paragraph shall apply.

Section 5. Use of the Site. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement shall conform to all applicable provisions of the Garden Grove Municipal Code and other applicable federal, state, and local laws, rules, and regulations. The Project shall at all times during the term of this Agreement be used as a residential apartment project and none of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Housing Units or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, short-term or vacation rental, or be converted to condominium ownership. All of the community facilities and any social programs provided to the Project’s residents shall be available at all times on an equal, non-discriminatory basis to residents of all Housing Units at the Project.

Section 6. Duration of Affordability Requirements. The Affordable Units shall be subject to the requirements of this Agreement throughout the entire Term of this Agreement.

Section 7. Construction of Affordable Units. The Affordable Units shall be constructed and completed concurrently with the non-restricted Housing Units in the Project.

Section 8. Occupancy Limits. The maximum occupancy for each of the Housing Units shall not exceed two persons per bedroom, plus one, as set forth in the Conditions of Approval.

Section 9. Maintenance. Developer shall maintain or cause to be maintained the interior and exterior of the Project and the Site in a decent, safe and sanitary manner, and in accordance with the standard of maintenance of first class multifamily rental apartment complexes within Orange County. If at any time Developer fails to maintain the Project or the Site in accordance with this Agreement and such condition is not corrected within five days after written notice from City with respect to graffiti, debris, and waste material, or thirty days after written notice from City with respect to general maintenance, landscaping and building improvements, then City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Site and perform all acts and work necessary to protect, maintain, and preserve the Project and the Site, and to attach a lien upon the Site, or to assess the Site, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand.

Section 10. Marketing Program. Each Affordable Unit shall be leased to Lower Income Households selected by Developer who meet all of the requirements provided herein. Prior to the issuance of a certificate of occupancy for the Project, Developer shall prepare and obtain City's approval, which approval shall not be unreasonably withheld, of a marketing program for the leasing of the Housing Units at the Project ("Marketing Program"). The leasing of the Housing Units shall thereafter be marketed in accordance with the Marketing Program as the same may be amended from time to time with City's prior written approval, which approval shall not unreasonably be withheld. Developer shall provide City with periodic reports with respect to the leasing of the Housing Units in accordance with Sections 14 and 15.

Section 11. Management Plan. Prior to the issuance of the certificate of occupancy for the Project, Developer shall submit for the reasonable approval of City a "Management Plan" which sets forth in detail Developer's property management duties, a tenant selection process in accordance with this Agreement, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Site and manner of enforcement, a standard lease form, an operating budget, the identity of the professional property management company to be contracted with to provide property management services at the Site ("Property Manager"), and other matters relevant to the management of the Site. The Management Plan shall require Developer to adhere to a fair lease and grievance procedure. The management of the Site shall be in compliance with the Management Plan as approved by City.

If City determines that the performance of the Property Manager is deficient based upon the standards set forth in the approved Management Plan and in this Agreement, City shall provide notice to Developer of such deficiencies and Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within the time set forth in Section 19 hereof, City shall have the right to require Developer to immediately remove and replace the Property Manager with another property manager or property management company

which is reasonably acceptable to the City Manager, which is not related to or affiliated with Developer, and which has not less than five (5) years' experience in property management, including significant experience managing housing facilities of the size, quality and scope of the Project.

Section 12. Selection of Tenants. Developer shall be responsible for the selection of tenants for the Housing Units in compliance with lawful and reasonable criteria and the requirements of this Agreement. To the extent permitted by law, a reasonable preference in the leasing of the Housing Units shall be given to prospective tenants on the Garden Grove Housing Authority's Section 8 Housing Vouchers waiting list and Affordable Housing waiting list, and to prospective tenants that live or work in the City.

Prior to the rental or lease of an Affordable Unit to a tenant(s), Developer shall require the tenant(s) to execute a written lease and to complete a Tenant Income Verification Form (in substantially the form attached hereto as Exhibit B) certifying that the tenant(s) occupying the Affordable Unit is/are a Lower Income Household and otherwise meet(s) the eligibility requirements established for the Affordable Unit. Developer shall verify the income of the tenant(s) as set forth in Section 14 below.

Section 13. Provisions regarding Section 8 Vouchers. Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor; provided, Developer shall not rent one of the Affordable Units to a tenant household holding a Section 8 certificate unless none of the Housing Units not restricted to occupancy by Lower Income Households pursuant to this Agreement are available. If the only available Housing Unit is an Affordable Unit, Developer shall no longer designate the Housing Unit rented to a tenant household holding a Section 8 certificate as an Affordable Unit, shall designate the next-available Housing Unit as an Affordable Unit, and shall make available, restrict occupancy to, and rent such newly designated Affordable Unit to a Lower Income Household at an Affordable Rent pursuant to this Agreement, such that at all times reasonably possible 8 of the Housing Units at the Project shall be Affordable Units not occupied by tenants holding Section 8 certificates. Furthermore, in the event Developer rents an Affordable Unit to a household holding a federal certificate, the rental agreement (or lease agreement, as applicable) between Developer, as landlord, and the tenant shall expressly provide that monthly rent charged shall be the Affordable Rent required hereunder for the Affordable Unit (not fair market rent) and that the rent collected directly from such tenant holding a federal certificate shall be not more than 30% of the tenant's actual gross income pursuant to the applicable federal certificate program regulations; i.e., the rent charged to such tenant under the rental agreement shall be the Affordable Rent chargeable hereunder and not fair market rent for the area, as would otherwise be permitted under the applicable federal certificate program. Thus, the subsidy payment to Developer under any federal certificate shall not exceed the difference between 30% of the tenant's actual gross income and Affordable Rent chargeable for the applicable Affordable Unit hereunder. If and to the extent any restrictions in this Agreement conflict with the provisions of Section 8 of the United States Housing Act of 1937 or any rules or regulations promulgated thereunder, the provisions of Section 8 of the United States Housing Act of 1937 and all implementing rules and regulations thereto shall control. Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Section 14. Income Verification and Certification. Following the initial lease-up of the Project, and annually thereafter throughout the Term of this Agreement, Developer shall submit to City, at Developer's expense, a summary of the income, household size and rent payable by each of the tenants of the Affordable Units. At City's request, Developer shall provide to City completed income computation and certification forms, in substantially the form of the Tenant Income Verification Form attached hereto as Exhibit B or such other form as may reasonably be requested by City, for any Lower Income Households renting the Affordable Units at the Project. Developer shall obtain, or shall cause to be obtained by the Property Manager, a certification from each household leasing an Affordable Unit demonstrating that such household meets the applicable income requirements and eligibility requirements established for a Lower Income Household renting such Affordable Unit. Developer shall verify, or shall cause the Property Manager to verify, the income certification of the Lower Income Household.

Section 15. Monitoring and Recordkeeping. Throughout the Term of this Agreement, Developer shall annually complete and submit to City an Annual Project Compliance Report in the form attached hereto as Exhibit C, or such other form as may reasonably be requested by City. Representatives of City shall be entitled to enter the Site, upon at least thirty-six (36) hours' notice, to monitor compliance with this Agreement, and shall be entitled, at City's sole cost and expense, to inspect the records of the Project and to conduct an independent audit or inspection of such records at a location within the City that is reasonably acceptable to the City Manager. Developer agrees to cooperate with City in making the Site and the records of the Project available for such inspection or audit. Developer agrees to maintain each record of the Project for no less than 5 years after creation of each such record.

Section 16. Indemnity. Developer shall, at its expense, defend (with counsel acceptable to City and subject to approval by Developer), indemnify, and hold harmless City, and their officers, agents, employees and representatives from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other damages of whatsoever nature arising out of or in connection with Developer's failure to perform Developer's obligations under this Agreement, Developer's ownership or operation of the Site, or the development of the Project, except for such liability arising from the gross negligence or willful misconduct of City.

Section 17. Agreement to be Recorded; Covenants Run with the Land; Priority. This Agreement shall be recorded, prior to the issuance of building permits for the Project, in the Official Records of Orange County, California, as senior, non-subordinate covenants and as an encumbrance running with the land for the full Term of this Agreement. In no event shall this Agreement be made junior or subordinate to any deed of trust or other documents providing financing for the construction or operation of the Project, or any other lien or encumbrance whatsoever for the entire Term of this Agreement. Nor shall this Agreement be made junior or subordinate to any extension, amendment, or modification of any lien or encumbrance recorded against the Site prior to the date hereof. Prior to recordation of this Agreement, Developer shall provide City with evidence satisfactory to the City that all deeds of trust, liens, encumbrances, or other documents recorded against the Site since _____, _____, if any, have been or will be subordinated to this Agreement, at Developer's sole cost and expense.

Section 18. Mortgage Protection. No breach or default under this Agreement shall defeat, terminate, extinguish, render invalid or otherwise affect the lien of any junior mortgage or deed of trust encumbering the Site, the Project, or any part thereof or interest therein.

Section 19. Default. An event of default occurs under this Agreement when: (a) there is a breach of any condition, covenant or promise set forth herein; (b) written notice thereof has been given to the defaulting party; and (c) such breach has not been cured within thirty (30) days after such notice was given to the defaulting party or, if such breach cannot reasonably be cured within such thirty (30) day period, the defaulting party fails to commence to cure the breach and/or fails thereafter to diligently proceed to complete such cure. A waiver by either party of any such breach shall not be construed as a waiver of any succeeding breach of the same or other condition, covenant or promise.

Section 20. Remedies. The occurrence of an event of default hereunder shall give the non-defaulting party the right to proceed with any and all remedies available at law or equity. Such remedies may include an action for damages, an action or proceeding for specific performance, and/or an action or proceeding for injunctive relief. Such actions or proceedings may require the defaulting party to pay damages, to perform its obligations and covenants under this Agreement, and to enjoin or cease and desist from acts which may be unlawful or in violation of the provisions of this Agreement.

Section 21. Additional Remedies for Certain Defaults; Remedy For Excessive Rent Charge.

(a) It shall constitute a default for the Developer to charge or accept for any Affordable Unit rent amounts in excess of the Affordable Rent. In the event that the Developer charges or receives such higher rental amounts, in addition to any other legal or equitable remedy that the City shall have for such default, the Developer shall be required to pay to the City an amount equal to the difference between the Affordable Rent that should have been charged and the amount of the rent received from the tenant, plus interest compounded at the maximum rate allowable for judgments.

(b) It shall also constitute a default for the Developer to fail to rent any of the required Affordable Units to a Lower Income Household, or to knowingly (or without investigation as required herein) initially rent any Affordable Unit to a tenant who is not a Lower Income Household. In the event the Developer violates this provision, in addition to any other remedy at law or equity that the City shall have for such default, the Developer, for each separate violation, shall be required to pay to the City an amount equal to the total rent the Developer received from such ineligible tenant, plus interest compounded at the maximum rate allowable for judgments.

Section 22. Attorneys' Fees and Costs. In addition to any other remedies provided hereunder or available pursuant to law, if either party to this Agreement commences an action against the other party to this Agreement arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, expert witness fees, costs of investigation, and costs of suit from the losing party.

Section 23. Rights and Remedies Cumulative. The rights and remedies of the parties are cumulative, and the exercise by either party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 24. Time of Essence. Time is expressly made of the essence with respect to the performance by City and Developer of each and every obligation and condition of this Agreement.

Section 25. Third Party Beneficiaries. No persons or entities other than the parties and their successors and assigns shall have any right of action under this Agreement.

Section 26. City Approvals and Actions. City shall maintain authority of this Agreement and the authority to implement this Agreement through City Manager (or his duly authorized representative). City Manager (or his designee) shall have the authority to make approvals, issue interpretations, waive provisions, make and execute further agreements and/or enter into amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development permitted on the Site, or materially or substantially add to the costs incurred or to be incurred by City as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City.

Section 27. Successor and Assigns. This Agreement shall run with the land, and all of the terms, conditions, restrictions, and covenants contained in this Agreement shall be binding upon Developer, City, their permitted successors and assigns, and all successors in interest to all or any portion of the Site or the Project. Whenever the terms “Developer” or “City” are used in this Agreement, such terms shall include any other successors and assigns as herein provided. Not later than 30 days prior to a transfer of any interest in the Site or the Project or any interest in Developer, Developer shall provide written notice to the City of such transfer.

Section 28. Notices. Any approval, disapproval, demand, document or other notice which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, (iii) mailing in the United States first-class mail, postage prepaid, or (iv) by email, with confirmation of receipt to the intended recipient, addressed to the address of the party as set forth below, or at any other address as that party may later designate by notice:

If to the City:	City of Garden Grove 11222 Acacia Parkway Garden Grove, CA 92840 Attention: Community & Econ. Development Dir.
-----------------	---

If to the Developer: _____
c/o _____

Attention: _____
Email: _____

Section 29. Amendment. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party. Each alteration, change, or modification to this Agreement shall be recorded against the Site in the Official Records of Orange County, California.

Section 30. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement, and they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

Section 31. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between City and Developer is that of a government entity regulating the development of private property and the owner of such property.

Section 32. Exhibits. This Agreement includes the following exhibits, each of which is attached hereto and incorporated herein by this reference:

- (i) Exhibit A: Legal Description of Site
- (ii) Exhibit B: Tenant Income Verification Form
- (iii) Exhibit C: Annual Project Compliance Report

[Signatures appear on following page.]

IN WITNESS WHEREOF, City and Developer have executed this Density Bonus Housing Agreement as of the date first set forth above.

DEVELOPER:

By: _____

Its: _____

By:

Name:

Its:

CITY OF GARDEN GROVE,
a California municipal corporation

City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

(seal)

Signature _____

EXHIBIT A

LEGAL DESCRIPTION OF SITE

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

APN: _____

EXHIBIT B
TENANT INCOME VERIFICATION FORM

TENANT INCOME CERTIFICATION

☐ Initial Certification* ☐ Recertification* ☐ Other _____

Effective Date: _____

Move-in Date: _____
(MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____

Address: _____ Unit Number: _____ # Bedrooms: _____

PART II - DEVELOPMENT DATA

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)
1			HEAD		
2					
3					
4					
5					
6					
7					

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS) See Definition of Income on Page Two

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income (<i>state type of income</i>)
TOTALS	\$	\$	\$	\$
Add totals from (A) through (D), above			TOTAL INCOME (E):	\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) Cash Value of Asset	(H) Annual Income from Asset
Net Cash Value of Assets (G):		\$	
		Total Actual Income from Assets (H):	
If line G is greater than \$5,000, multiply line by the current passbook rate, 2.00% and enter results here; otherwise, leave blank. Imputed Income (I):			\$
Enter the greater of the total of column H, or I (Imputed income) TOTAL INCOME FROM ASSETS (J)			\$
(K) Total Annual Household Income from all Sources [Add (E) + (J)]			\$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature

(Date)

Signature

(Date)

Signature

(Date)

Signature

(Date)

SIGNATURE OF OWNER/REPRESENTATIVE

I hereby; certify that the above information agrees with the rental applications and documents presented by the above applicants, and that I have reviewed and attached documentation and the above information is true and correct to the best of my knowledge and belief. Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of the Affordable Housing Agreement and in accordance with the HOME Investments Partnerships Act (HOME) Final Rule, 24 CFR 92.203.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART V. RENT

Tenant Paid Rent \$ _____
Utility Allowance \$ _____

Rent Assistance: \$ _____
Other non-optional charges: \$ _____

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 80% ☐ 60% ☐ 50%

Maximum Rent Limit for this unit: \$ _____

DEFINITION OF INCOME

Federal regulations at 24 CFR 5.609 (Part 5) define annual income as the *gross amount of income of all adult household members that is anticipated to be received* during the coming 12-month period. Each of the italicized phrases in this definition is key to understanding the requirements for calculating annual income:

24 CFR Part 5 Annual Income Inclusions

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.

2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except for certain exclusions, listed in Exhibit 3.2, number 14).

5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in Exhibit 3.2, number 3).

6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:

- Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

- Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).

If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

- the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; **plus**

- the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.

24 CFR Part 5 Annual Income Exclusions

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except as provided in Exhibit 3.1, number 5 of Income Inclusions).
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of a live-in aide (as defined in 24 CFR 5.403).
6. Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. The full amount of student financial assistance paid directly to the student or to the educational institution.
8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. (a) Amounts received under training programs funded by HUD.
(b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
(c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
(d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.
- (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption assistance payments in excess of \$480 per adopted child.
14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
17. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.

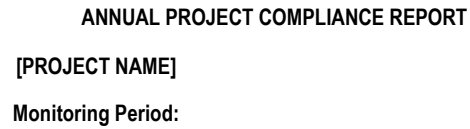
Part 5 Annual Income Net Family Asset Inclusions and Exclusions

Inclusions	Exclusions
<p>1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.</p> <p>2. Cash value of revocable trusts available to the applicant.</p> <p>3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.</p> <p>4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.</p> <p>5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).</p> <p>6. Retirement and pension funds.</p> <p>7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).</p> <p>8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.</p> <p>9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.</p> <p>10. Mortgages or deeds of trust held by an applicant.</p>	<p>1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities.</p> <p>2. Interest in Indian trust lands.</p> <p>3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.</p> <p>4. Equity in cooperatives in which the family lives.</p> <p>5. Assets not accessible to and that provide no income for the applicant.</p>

EXHIBIT C

ANNUAL PROJECT COMPLIANCE REPORT

[Excel Spreadsheet]



Total Number of Units:

Number of Affordable Units:

Affordability:

[illegible]

Reviewed By: _____ Date: _____