CITY OF LONG BEACH

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Inclusionary Housing Implementation Guidelines: Ownership Residential Developments

Municipal Code Chapter 21.67

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LONG BEACH COMMUNITY DEVELOPMENT

Table of Contents

I. Definition of Terms

The following words, terms and phrases are used in this Inclusionary Housing Implementation Guidelines: Ownership Residential Development manual and attachments. Consistent with Section 21.10.045 of the Long Beach Municipal Code, if the particular context of a term or phrase, or usage of a term or phrase requires another interpretation, the Zoning Administrator is authorized to determine all pertinent facts and interpret the Ordinance.

“Adjusted for Household Size Appropriate for the Unit” means the household sizes defined in HSC Section 50052.5 and is only used for the purposes of calculating the Affordable Sales Price. For this purpose only, the household size is set at the number of bedrooms in the unit plus one. This is not an occupancy limit.

“Adult” means a person 18 years of age or older.

“Affordability Gap” is equal to the difference between the Fair Market Value of an Inclusionary Unit and the Affordable Sales Price for that Inclusionary Unit at the time of acquisition by a Homebuyer.

“Affordable Housing Cost” means the maximum costs that can be borne by an Eligible Purchaser based on the requirements imposed by HSC Section 50052.5. The calculation methodology is described in Section VI-B of this manual.

“Affordable Sales Price” means the maximum price that can be charged for the Inclusionary Unit. The Affordable Sales Price is equal to the lesser of:

1. The sum of the Supportable Mortgage plus the Benchmark Down Payment; or
2. The purchase price prospective Homebuyers are willing to pay in return for purchasing a home subject to restrictive covenants.

“Applicant” means a Household that is applying to purchase an Inclusionary Unit.

“Approval Body” means a body with the authority to approve the proposed

Ownership Residential Development.

“Area Median Income” or “AMI” means the annual median income for Los Angeles County, adjusted for household size, as published periodically in the California Code of Regulations, Title 25, Section 6932, or its successor provision, or as established by the City in the event that such median income figures are no longer published in the California Code of Regulations

“Back-End Ratio” means the ratio between monthly Gross Income and monthly housing costs plus all payments on long-term installment debt. As applicable, the Back-End Ratio test will be applied to a spouse or domestic partner irrespective of whether or not the spouse or domestic partner will be vested on title to the Inclusionary Unit.

“Benchmark Down Payment” shall be set at 5% of the Affordable Sales Price for the Inclusionary Unit being purchased by the Homebuyer. The Benchmark Down Payment is used solely for the purpose of calculating the Affordable Sales Price of an Inclusionary Unit. It does not represent a cap on the down payment amount that can be contributed by a Homebuyer.

“Building Permit” includes full structural building permits as well as partial permits such as foundation-only permits.

“Chapter 21.67” means Chapter 21.67 of the Long Beach Municipal Code. Chapter 21.67 details the requirements imposed by the Ordinance.

“City” means the City of Long Beach, California.

“City Council” means the City of Long Beach City Council.

“City Density Bonus Ordinance” means the density bonus provided by the City of Long Beach under Chapter 21.68 of the City’s Zoning Code.

“Common Ownership or Control” refers to property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder,

partner, member (or family member of such shareholder, partner or member) of the entity owns 10% or more of the interest in the property.

"Contiguous Property" means any parcel of land that is:

1. Touching another parcel at any point; or

2. Separated from another parcel at any point only by a public right-of-way, private street or way, or public or private utility, service or access easement; or

3. Separated from another parcel only by other real property of the Developer which is not subject to the requirements of Chapter 21.67 at the time the Planning Entitlement application by the Developer.

"Default" means the failure of a Party to perform any action or covenant as defined in the Inclusionary Housing Regulatory Agreement, or a Homebuyer's failure to perform any action or covenant defined in the Inclusionary Housing Covenants Declaration.

"Density Bonus Units" means dwelling units approved in a Residential Development pursuant to Section 65915 et seq. or the City Density Bonus Ordinance that are in excess of the maximum allowable residential density otherwise permitted by the City.

"Developer" means a person, persons, or entity that applies for a Residential Development and also includes the owner or owners of the property if the Developer does not own the property on which the Residential Development is proposed.

"Director of Community Development" is the Director of the Community Development Department of the City of Long Beach.

"Effective Date" means the date on which the Inclusionary Housing Regulatory Agreement is approved and executed by appropriate authorities of the Developer

and the City.

“Eligible Purchaser” means a prospective purchaser of an Inclusionary Housing unit who meets the eligibility criteria set forth in Section IV of this manual.

“Fair Market Value” means the value of the Inclusionary Unit under normal circumstances in which the seller and the buyer freely negotiate the terms of the transfer of ownership. The Fair Market Value is estimated based on the assumption that no income or affordability restrictions are placed on the Inclusionary Unit.

“First Approval” means the first of the following approvals to occur with respect to an Ownership Residential Development after the effective date of the Ordinance: Planning Entitlement or Building Permit.

“First-Time Homebuyer” means an individual who meets any of the following criteria. All members of the prospective Homebuyer Household must be First-Time Homebuyers.

1. An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property.

2. A single parent who has only owned with a former spouse while married. The term “single parent” means an individual who meets the following criteria: a) is unmarried or legally separated from a spouse; and b) has one or more minor children for whom the individual has custody or joint custody or is pregnant.

3. An individual who is a displaced homemaker and has only owned with a former spouse while married. The term “displaced homemaker” means an individual who meets all of the following criteria: a) is an adult; b) has not worked full-time, full-year in the labor force for at least two years but has, during such years, worked primarily without remuneration to care for the home and family; and c) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

4. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.

5. An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

“Gross Income” means all income from whatever source from all Adult Household members, which is anticipated to be received during the 12-month period following the date of the determination of Gross Income. The applicable sources of income are defined in California Code of Regulations Title 25 Housing and Community Development Section 6914. The definition includes the following specific requirements:

1. Except as provided in subdivision (2), all payments from all sources received by the head of Household (even if temporarily absent) and each additional member of the Household who is not a minor shall be included in the annual income of a Household. Gross Income shall include, but not be limited to:
    a. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses.
    b. The net income from operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business).
    c. Interest and dividends.
    d. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts.
    e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (2)(c)).

f. Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:
    a. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
    b. The maximum amount which the public assistance agency could in fact allow for the Household for shelter and utilities.
g. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Household or spouse or domestic partner (but see subdivision (2)(e)).

Where a Household has net assets in excess of $5,000, income shall include the actual amount of income, if any, derived from all of the net Household assets or 10 percent (10%) of the value of all such assets, whichever is greater. For purposes of this definition, net Household's assets means value of equity in real property other than the Household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

The following items shall not be considered as income:

1. Casual, sporadic or irregular gifts.

2. Amounts which are specifically for or in reimbursement of the cost of medical expenses.

3. Lump-sum additions to Household 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.

4. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income.

5. The special pay to a serviceman head of a Household away from home and exposed to hostile fire.

6. Relocation payments made pursuant to federal, state, or local relocation law.

7. Foster child care payments.

8. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible Household.

9. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

    a. National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

    b. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

"HCD" means the California Department of Housing and Community Development.

"High Resource Area" means those areas designated as high resource areas on the Submarket Areas Map, which is prepared and published by the City Community Development Department.

"HOA" means Homeowners Association.

"Homebuyer" means the purchaser of an Inclusionary Unit as vested on legal title to the Inclusionary Unit. The Homebuyer shall enter into an Inclusionary Housing Covenants Declaration.

"Homebuyer Education Course" means a course that provides instruction on general home ownership topics. The potential Homebuyer shall be responsible for any costs for the course. The course must meet the following criteria:

- Minimum 8 hours
- Provided by a housing counseling agency that is approved by HUD
- May be provided online or in-person as a group or individual course

"Homebuyer Counseling Session" means an individual counseling session that provides information regarding the requirements imposed by the various inclusionary housing agreements the Homebuyer will be required to execute in order to purchase an Inclusionary Unit. The session shall be provided by the City at no cost to the potential Homebuyer.

"Homeowner" means the owner of an Inclusionary Unit as vested on legal title to the Inclusionary Unit.

"Household" means all the persons who will occupy the Inclusionary Unit as their Principal Residence. A child who is subject to a legally-binding shared-custody agreement, in which the child resides with the Household at least 50% of the time, is counted as a member of the Household. Excluded from the definition of

Household are live-in caregivers/caretakers, foster children, unborn children and children being pursued for legal custody or adoption that are not currently living with the Household.

”Housing Cost” means and includes all of the following costs associated with ownership of an Inclusionary Unit as defined in Title 25 of the California Code of Regulations Section 6920:

1. Principal and interest on a mortgage loan at the defined interest rate;
2. Property tax and assessments;
3. Fire and casualty insurance covering replacement value of property improvements;
4. Property maintenance and repairs;
5. A reasonable utility allowance, as determined by the City; and
6. Homeowner Association assessments and dues.

“Housing Trust Fund” means the fund or account established by Chapter 3.92 of the Long Beach Municipal Code.

“HSC” means the California Health and Safety Code.

"HUD” means the U.S. Department of Housing & Urban Development.

“Inclusionary Housing” means the affordable housing development requirements imposed by Chapter 21.67.

“Inclusionary Housing Covenants Declaration” means the Declaration of Inclusionary Housing Covenants, Conditions and Restrictions entered into concurrently between the City and the Homebuyer and recorded on legal title to the Inclusionary Unit.

“Inclusionary Housing Guidelines: Ownership Residential Developments” means

this manual, which has been prepared by the City for the implementation and administration of Chapter 21.67. Each Developer of an Ownership Residential Development that is subject to the Chapter 21.67 requirements will be provided with a copy of the manual prior to executing an Inclusionary Housing Regulatory Agreement. In the event the Inclusionary Housing Guidelines are modified prior to the sale of the last Inclusionary Unit in a project, the modified Inclusionary Housing Guidelines will apply to the sale of the remaining Inclusionary Units.

“Inclusionary Housing Plan” means a plan containing all the information specified in and submitted in conformance with the requirements described in Section II of this manual and codified in LBMC 21.67.090.A. The Inclusionary Housing Plan must be approved by the City prior to the issuance of Building Permits for the Ownership Residential Development.

“Inclusionary Housing Regulatory Agreement” means an agreement between the City and Developer, governing how the Developer shall comply with the requirements described in Section II-G-2. of this manual and codified in Section 21.67.090.B of the Long Beach Municipal Code.

“Inclusionary Unit” means a dwelling unit required by Chapter 21.67 to be affordable to Eligible Purchasers, and subject to an Inclusionary Housing Regulatory Agreement.

“In-Lieu Fee” refers to a fee that may be paid by a Developer in specific circumstances in lieu of providing Inclusionary Units within an Ownership Residential Development. These circumstances are identified in Section II-F-1 of this manual. The In-Lieu Fee schedule is updated periodically and is approved by the City Council.

“Lender Checklist” identifies the documents required by the City and the timing of events during the escrow period for the sale of each Inclusionary Unit. The Lender Checklist is found in Attachment C to this manual.

“Low-Income Household” refers to households whose incomes meet the standards

defined in Title 25 of the California Code of Regulations Section 6932, and by the HSC Section 50079.5. The maximum household income amount for Low-Income Households shall be the amount published annually by HCD as adjusted to reflect the Household size of the tenant in a particular Inclusionary Unit.

"Market Rate Unit" means a new dwelling unit in an Ownership Residential Development that is not an Inclusionary Unit that is subject to the recorded affordability restrictions imposed by Chapter 21.67 and any adopted Inclusionary Housing Guidelines.

"Moderate Income Household" refers to Households whose incomes meet the standards defined in Title 25 of the California Code of Regulations Section 6932, and by the HSC Section 50093. The maximum household income amount for Moderate Income Households shall be the amount published by HCD as adjusted to reflect the Household size of the Homebuyer of a particular Inclusionary Unit.

"Ordinance" means the Inclusionary Housing Ordinance adopted by the City Council on April 1, 2025, which is codified in Chapter 21.67.

"Ownership Residential Development" means:

1. Any residential development that includes the creation of one or more dwelling units that may be sold individually.

2. Any community apartment project or residential development owned by a residential stock cooperative wherein owners own an undivided interest in the development together with the right to occupy a dwelling unit, commonly known as "own-your-owns".

3. The conversion of a Rental Residential Development to an Ownership Residential Development pursuant to Chapter 20.32 of the Long Beach Municipal Code. If dwelling units are approved with a condominium map, but are not yest sold individually on the open market or otherwise to person unaffiliated with the original Developer of the dwelling units, such development shall be considered a Rental Residential Development subject

to the requirements of Section 21.67.050.A.4 until such time as it converts to an Ownership Residential Development, at which time the development shall be subject to the requirements of Section 21.67.050.A.2.

"Participating Lender" is a Primary Lender that has executed an agreement affirming that they understand the requirements imposed by the Inclusionary Housing Covenants Declaration.

"Party and Parties" means the City, the Developer, the Homebuyer and/or the Homeowner as parties to the agreements required to implement the activities required by Chapter 21.67.

"Planning Entitlement" means any discretionary approval of a Residential Development including, but not limited to, a general or specific plan adoption or amendment, rezoning, tentative map, parcel map, conditional use permit, variances, site plan review, or local coastal development permit.

"Program Summary & Pre-Application Checklist" is a form created by the City that is to be used as a preliminary self-qualification tool by prospective Homebuyers. The Program Summary & Pre-Application Checklist shall be provided to Developers with active projects that are subject to the requirements imposed by Chapter 21.67.

"Primary Lender" means a bank, savings and loan association, insurance company, pension fund, publicly traded real estate investment trust, governmental agency, charitable organization or other governmentally regulated entity regularly engaged in making residential real estate loans.

"Primary Mortgage" means a purchase money loan of funds obtained by the Homebuyer from a Primary Lender to be used to finance the acquisition of the Inclusionary Unit, or for a refinancing approved by the City.

"Primary Mortgage Deed of Trust" means the deed of trust executed to secure the Primary Mortgage, which shall be in a lien position junior to the Inclusionary Housing Covenants Declaration.

"Principal Residence" is defined as the principal place of residence of the Homebuyer, and the only home that is occupied by the Homebuyer.

"Residential Development" means any development for which a Planning Entitlement or Building Permit is required that includes:

1. The creation of one or more dwelling units; or
2. Conversion of nonresidential uses to dwelling units; or
3. The conversion of a use from a Rental Residential Development to an Ownership Residential Development.

"Residential Purchase Agreement" means a binding contract between the Developer and the Homebuyer for the ownership transfer of an Inclusionary Unit. The Residential Purchase Agreement outlines the terms and conditions agreed to by both the Developer and the Homebuyer.

"Section 65915 Density Bonus" means the density bonus provided by the State of California under California Government Code Section 65915-et seq.

"Submarket Areas Map" means that certain map prepared and published by the City Community Development Department assigning all parcels of real property within the City of Long Beach to a Submarket. The Submarket Areas Map shall be updated periodically or as necessary by the City Community Development Department.

"Supportable Mortgage" means the Primary Mortgage amount that can be supported by an Eligible Purchaser based on the Affordable Housing Cost calculations. The mortgage calculation is based on the prevailing market interest rate for a 30-year fully amortizing mortgage with a fixed interest rate.

"Very Low-Income Household" refers to Households whose incomes meet the standards defined in Title 25 of the California Code of Regulations Section 6932, and by the HSC Section 50105. The maximum household income amount for Very

Low-Income Households shall be the amount published annually by HCD as adjusted to reflect the Household size of the tenant in a particular Inclusionary Unit.

II. Overview.

This manual sets forth the Inclusionary Housing Implementation Guidelines for Ownership Residential Development imposed by the Ordinance, which is codified in Chapter 21.67 of the Long Beach Municipal Code. The pertinent Long Beach Municipal Code Sections will be referenced throughout this manual.

II-A. Summary of the Ordinance

A-1. Applicability

Section 21.67.030 imposes Inclusionary Housing requirements on all Residential Developments located in the City of Long Beach except for any residential development exempt under Section 21.67.040.

Planning entitlement expiration: Upon the expiration of any planning entitlement, and unless otherwise exempted, all Residential Developments located in the City of Long Beach shall be subject to the Inclusionary Housing requirements of this Chapter in effect as of the date of such expiration, and shall not proceed until such time as an Inclusionary Housing Plan is approved in conjunction with any other required planning entitlement or amendment thereto. The Inclusionary Housing requirements shall also apply to any Residential Development which is granted a discretionary extension of a planning entitlement after the effective date of Chapter 21.67, to the extent consistent with state law.

A-2. Exemptions

Section 21.67.040 exempts the following Ownership Residential Developments from Inclusionary Housing requirements:

1. Projects with nine or fewer units.
2. Projects developed under the auspices of a development agreement pursuant to California Government Code Section 65864 et seq. and/or Chapter 21.29 of the Long Beach Municipal Code that meet the following criteria:

a. The development agreement was executed prior to the effective date of the Ordinance; and

b. The development complies with any Inclusionary Housing requirements included in the development agreement or any predecessor ordinance in effect when the development agreement was executed.

3. Projects that are exempted by California Government Code Section 66472.2 or 66498.1, provided that the development complies with any predecessor ordinance, resolution, or policy that was in effect when the development was deemed substantially complete.

4. Projects for which a Building Permit was issued prior to the effective date of the Ordinance, provided that the development complies with any predecessor ordinance, resolution, or policy that was in effect on the date when the application for development was approved.

5. Residential developments in which at least forty-nine percent (49%) of the total units will be restricted by a recorded regulatory agreement to Very Low-Income or Low-Income Households.

A-3. Home Ownership Opportunities

The primary objective of the Ordinance is to provide affordable housing to residents who would otherwise have difficulty owning a home in Long Beach. Persons interested in purchasing an Inclusionary Unit through the City's Ordinance must apply to and be approved by the City.

The City will authorize the initial sale of an Inclusionary Unit only when it determines that the Homebuyer is an Eligible Purchaser, and that the unit is being sold at the Affordable Sales Price. For the duration of the income and affordability covenants, the Homebuyer is subject to continuing Homeowner requirements.

II-B. Inclusionary Housing Requirements

Section 21.67.050 imposes the following Inclusionary Housing requirements on Ownership Residential Developments:

B-1. Inclusionary Housing Production Requirements

1. Inclusionary Housing requirements are imposed on Ownership Residential Developments that include 10 or more dwelling units, unless the project is exempt under Section 21.67.040. This requirement also applies to Ownership Residential Developments being developed on Contiguous Property under Common Ownership or Control.

2. Ownership Residential Developments must fulfill the Inclusionary Housing requirements on-site within the market rate projects unless an in-lieu fee, off-site land dedication or other alternative compliance option described in Section II-F of this manual and Section 21.67.080 of the Long Beach Municipal Code is approved.

B-2. Affordability Requirements

Table 21.67-2: Implementation Schedule for Inclusionary Ownership Housing Affordability Requirements

A. Milestone Threshold	B. Household Affordability Level [1]	C. Sales Price Affordability Level [2]	D. Inclusionary Unit Requirement[3]
Beginning on the effective date in 2025 and continuing through the later of (i) December 31, 2026 or (ii) the date on which at least 200 new units within Ownership Residential Developments that are subject to the Inclusionary Housing requirements in Chapter 21.67 are entitled City-wide ("First Inclusionary Milestone").	200% of the Area Median Income (AMI)	200% AMI	10%
Beginning on the date immediately after the First Inclusionary Milestone and continuing through the later of (i) the first anniversary of the First Inclusionary Milestone or (ii) the date on which at least 200 new units within Ownership Residential Developments that are subject to the Inclusionary Housing requirements in Chapter 21.67 are entitled City-wide (in addition to those entitled prior to the First Inclusionary Milestone) ("Second Inclusionary Milestone").	150% AMI	150% AMI	10%

[1] Income limit used to determine eligibility of a Homebuyer Household
[2] Income level used to determine Affordable Sales Price
[3] Percentage of units in the development

A. Milestone Threshold	B. Household Affordability Level [1]	C. Sales Price Affordability Level [2]	D. Inclusionary Unit Requirement[3]
Beginning on the date immediately after the Second Inclusionary Milestone and continuing through the later of (i) the first anniversary of the Second Inclusionary Milestone or (ii) the date on which at least 200 new units within Ownership Residential Developments that are subject to the Inclusionary Housing requirements in Chapter 21.67 are entitled City-wide (in addition to those entitled prior to the Second Inclusionary Milestone) ("Third Inclusionary Milestone").	135% AMI	135% AMI	10%
Beginning on the Third Inclusionary Milestone and continuing thereafter.	Moderate Income Households at 120% AMI	110% AMI	10%

Section 21.67.050 requires ten percent (10%) of the units in Ownership Residential Developments to be sold to Eligible Purchasers at an Affordable Sales Price. Table 21.67-2 shows the implementation schedule, with different affordability levels in effect for each time frame. As more Ownership Residential Developments that are subject to Inclusionary Housing requirements are entitled in the City of Long Beach, or as time passes, deeper levels of affordability will apply until affordability levels for ownership units reach Moderate Income (120% AMI).

- **Column A. Milestone Threshold** shows the incremental time frames or entitled unit threshold in the implementation schedule.

The applicable time frame for each Ownership Residential Development is determined by the date a Developer submits a complete application for First Approval for the Development. The entitled unit threshold includes both market-rate and Inclusionary units within Ownership Residential Developments that are subject to the Inclusionary Housing requirements in Chapter 21.67.

- **Column B. Household Affordability Level** shows the household income limit used to determine eligibility of a prospective Homebuyer Household, as a percentage of the AMI adjusted by household size. The household income data will be updated annually following publication of the State Income Limits by HCD. More information on Homebuyer eligibility requirements is in Section IV of this manual.
- **Column C. Sales Price Affordability Level** shows the household income level used to determine the Affordable Sales Price for an Inclusionary Unit, as a percentage of the AMI. The Affordable Sales Price calculation procedure is explained in Section VI-B of this manual.
    - Note: Once the Third Inclusionary Milestone is in effect, HSC 50052.5 sets different income levels for calculating Affordable Housing Cost for a Moderate Income Household and for determining prospective Homebuyer Household eligibility: the household income used to calculate the Affordable Housing Cost is set at 110% of the AMI, and the household income level used to determine eligibility of a prospective Homebuyer Household is set at 120% of the AMI.
- **Column D. Inclusionary Unit Requirement** shows the percentage of total units the Ownership Residential Development that must be sold at an Affordable Sales Price to Eligible Purchasers. For all time frames in the implementation schedule, 10% of the total units in the Development must be Inclusionary Units.

B-3. Implementation Procedures

The following implementation procedures apply to the Inclusionary Unit affordability requirements:

1. An Inclusionary Unit may only be sold to a First-Time Homebuyer with Gross Income that is less than the applicable income level provided in Table 21.67-2, Column B. Household Affordability Level and that meets the eligibility requirements defined in Section IV of this manual.

2. A Developer may voluntarily choose to sell an Inclusionary Unit at a price that is less than the designated Affordable Sales Price.

3. A Developer may choose to designate the Inclusionary Units at a lower income category in order to fulfill the requirements imposed by an assistance funding source and/or program such as California Government Code Section 65915 Density Bonus or the City's Density Bonus Ordinance.

B-4. Calculating Inclusionary Housing Units

1. The calculation of the Inclusionary Housing requirements for Ownership Residential Developments applies to newly constructed units, condo conversions, and adaptive reuse of non-residential space.

2. If the Ownership Residential Development proposes to remove, demolish or vacate any existing rental units, or convert from rental to "for-sale," the development may be subject to City's No Net Loss Ordinance (LBMC Chapter 21.11) and/or California Senate Bill 330 (SB 330), the "Housing Crisis Act of 2019. The Inclusionary Housing requirement shall not in any way alter the Developer's obligation to comply with the City's No Net Loss Ordinance (LBMC Chapter 21.11), including without limitation reducing the number of affordable units that may be required thereunder.

3. The calculation of Inclusionary Housing is based on the number of dwelling units in the residential development, excluding any Density Bonus Units.

4. Fractional Units: As stated in Section 21.67.050, if the calculation of the required number of Inclusionary Units results in a fraction of any value, then the Developer may select one of the following options:

    a. To provide an additional Inclusionary Unit as required due to rounding up of any fractional value; or

    b. To pay an In-Lieu Fee to the Housing Trust Fund. The In-Lieu Fee amount is based on the fractional requirement multiplied by the applicable In-Lieu Fee as established in Section 21.67.080.

B-5. Contiguous Property Under Common Ownership or Control

A Developer shall not avoid Inclusionary Housing requirements by submitting piecemeal Planning Entitlement or Building Permit applications. When applying for First Approval, the Developer must identify all Contiguous Property under Common Ownership or Control. The following process will be applied to these types of properties:

1. The Developer is required to include the Contiguous Property Under Common Ownership or Control in its Inclusionary Housing Plan.

2. An Inclusionary Housing Regulatory Agreement will be recorded on legal title to the Ownership Residential Development and the Contiguous Property Under Common Ownership or Control.

3. Once complete Planning Entitlement applications are submitted for a total of 10 or more residential units, the Inclusionary Housing requirements will be triggered.

II-C. Inclusionary Housing Standards

Section 21.67.060 imposes the following development standards on Ownership Residential Developments:

C-1 Unit Availability

1. Inclusionary housing units included in a residential development resulting from the conversion of a use from a residential rental development to a residential ownership development shall be offered for sale to current and qualified tenants of the inclusionary units, and shall otherwise comply with the inclusionary housing guidelines.

C-2. Construction Standards

1. Inclusionary Units must be comparable in exterior appearance to the Market Rate Units in the Ownership Residential Development.

2. The interior finish features of the Inclusionary Units may vary from those provided in the Market Rate Units so long as the finishes and features are durable, of good quality, and consistent with standards for new housing.

C-3. Unit Mix Requirements

1. The bedroom mix distribution for the Inclusionary Units must be proportional to the bedroom mix distribution provided in the Market Rate Unit component of the Ownership Residential Development. At the Developer's discretion, the Inclusionary Units may include more bedrooms than are provided in the Market Rate Units. If the calculation of the bedroom mix distribution results in fractional unit(s), the units with the greatest number of bedrooms shall be rounded up.

2. The average size of the Inclusionary Units must be equivalent to or greater than the average size of the Market Rate Units in the Ownership Residential Development.

3. The Inclusionary Units must be dispersed throughout the Ownership Residential Development. Inclusionary Units may not be clustered together.

C-4. Amenities

1. The Inclusionary Units must be provided with the same amenities as the Market Rate Units, including same access to common areas, recreational facilities, parking, storage and any other amenities located within the Ownership

Residential Development, as well as in-unit amenities included in each private unit.

a. Examples of in-unit amenities include storage space and closet(s), private open space, washer/dryer connections or appliances, and other custom built-in options, etc.

2. Cost:

a. Any amenities that are provided at no cost to the owners of the Market Rate Units must also be provided at no cost to the owners of the Inclusionary Units.

b. Any costs that are required to be incurred by the unit owners to secure use of the amenities within the Ownership Residential Development must be factored into the Housing Cost calculations for the Inclusionary Units.

II-D. Density Bonus Units

1. A Developer that is providing all the required Inclusionary Units on site within the Ownership Residential Development, that wishes to apply for Density Bonus Units may do so concurrently with the submittal of the Inclusionary Housing Plan for the project.

2. The developer shall complete the Planning Bureau's Housing Supplemental Application and must identify and describe any of the following, as pertinent:

a. The applicable state or local density bonus statute;

b. The requested increase in density;

c. Any development standards waivers;

d. The number and type of incentives or concessions; and

e. Any modification to the parking requirements imposed by the Long Beach Municipal Code.

II-E. Timing and Construction of Inclusionary Units

Section 21.67.070 describes the following timing requirements under which Ownership Residential Developments must fulfill the Inclusionary Housing obligations:

1. For Ownership Residential Developments in which the Inclusionary Units will be provided on site, Section 21.67.070 requires that the Inclusionary Units be made available for occupancy prior to, or concurrently with, the Market Rate Units in the Ownership Residential Development. For phased projects, the Inclusionary Housing obligation may be fulfilled on a pro rata basis within each development phase.

2. If the In-Lieu Fee payment option provided by Section 21.67.080 is being used, the In- Lieu Fees must be paid in full prior to the issuance of the Building Permits for the market rate component of the Ownership Residential Development.

3. For Ownership Residential Developments that have been approved by the City to use an alternative Inclusionary Housing fulfillment option, the applicable time schedule must be identified in the Inclusionary Housing Plan.

II-F. Developers' Alternative Compliance Options

The alternative Inclusionary Housing compliance options identified in Section 21.67.080 can be described as follows.

F-1. In-Lieu Fee Payment

An In-Lieu Fee payment option is available to all Ownership Residential Developments that are subject to an Inclusionary Housing obligation. If the In-Lieu Fee payment option is selected, the Developer cannot apply for a Section 65915 Density Bonus for the Ownership Residential Development that triggered the

Inclusionary Housing requirement.

F-2. Land Dedication

The dedication of land can potentially be used by a Developer to fulfill an Ownership Residential Development's Inclusionary Housing obligations. The land dedication alternative is subject to City Council approval at their sole and absolute discretion. All of the following requirements must be met in order for the City Council to consider a land dedication proposal:

1. The property must be within the city of Long Beach.
2. The property must be dedicated to the City or a local nonprofit housing developer, at no cost to the city or such housing developer, in place of actual construction of inclusionary units.
3. The property proposed to be dedicated must comport with the following standards prior to submittal of a land dedication proposal to the City:
    a. The Developer must exclusively control the property.
    b. The property must be free of any liens, easements or other encumbrances that may adversely impact its value.
    c. The property must be served by all the infrastructure necessary to serve the number of Inclusionary Units that are required to be developed.
    d. All property taxes, assessments and other liens on the property must be fully paid.
4. Hazardous Materials:
    a. The property cannot contain any hazardous materials or contaminants at the time the application is submitted to the City; and
    b. The Developer must disclose any hazardous materials that were

previously contained on the property, and provide evidence that remediation was completed in compliance with applicable law.

5. The property cannot have been improved with residential structures within the preceding five years.

6. The property must be located within one mile of the Ownership Residential Development that is subject to the Inclusionary Housing obligation, unless the land to be dedicated is in a High Resource Area.

7. The existing General Plan and zoning standards applicable to the property must allow for the requisite number of Inclusionary Units to be developed.

8. The property must be suitable in terms of size, configuration and physical characteristics to allow for the required Inclusionary Units to be developed in a cost-efficient basis.

9. The development of the requisite number of Inclusionary Units must be financially feasible without the provision of any financial assistance from the City, the Housing Authority of the City of Long Beach, or the Long Beach Community Investment Company.

If the land dedication option is selected, the Developer cannot apply for a Section 65915 Density Bonus for the Ownership Residential Development that triggered the Inclusionary Housing requirement. However, a Section 65915 Density Bonus application can be submitted for the affordable housing project that is developed on the land dedication site.

F-3. Other Alternative Compliance Methods

A Developer may submit a proposal to the City Council to fulfill an Ownership Residential Development's Inclusionary Housing requirement in a manner that is not described in Chapter 21.67 or in this manual. City staff shall evaluate a developer's proposal and issue recommendations to the City Council regarding the proposal's compliance with the City's Housing Element policies, fair housing goals,

and Regional Housing Needs Assessment. The minimum thresholds under which the City Council will consider a proposal are that the alternative compliance method will provide one or both of the following benefits:

1. As many or more Inclusionary Units will be provided at the same or lower income levels; and/or
2. Greater public benefits will be generated than would be provided by the development of the Inclusionary Units on site within the market rate Ownership Residential Development.

II-G. Application and Review Procedures

Section 21.67.090 details the application and review procedures to which Developers of Ownership Residential Developments must adhere:

G-1. Inclusionary Housing Plan

1. An application for First Approval of an Ownership Residential Development must include an Inclusionary Housing Plan describing how the project will comply with the requirements imposed by Chapter 21.67.

2. No application for First Approval for an Ownership Residential Development will be deemed complete until an Inclusionary Housing Plan is submitted.

3. The City will process the Inclusionary Housing Plan concurrently with all the other permits required for the Ownership Residential Development.

G-2. Inclusionary Housing Regulatory Agreement

1. The Developer and the City will enter in an Inclusionary Housing Regulatory Agreement, in a form approved by the City Attorney, that memorializes the Inclusionary Housing requirements to be imposed on an Ownership Residential Development.

2. A condition will be attached to the First Approval of the Ownership Residential Development that requires the Inclusionary Housing Regulatory Agreement to

be recorded in first lien position on legal title to the Ownership Residential Development.

3. The Developer will be responsible for having the Inclusionary Housing Regulatory Agreement notarized and recorded with the Los Angeles County Recorder's Office. The Developer will be responsible for paying any fees imposed by the Los Angeles County Recorder's Office to record the Inclusionary Housing Regulatory Agreement. The Developer must provide a certified copy of the recorded Inclusionary Housing Regulatory Agreement to the City.

4. The Inclusionary Housing Regulatory Agreement must be recorded in first lien position on legal title to the Ownership Residential Development no later than thirty (30) days after such Ownership Residential Development has submitted for Building plan check. If the Ownership Residential Development does not move forward after submitting for Building plan check, the Developer shall notify the City to terminate the Inclusionary Housing Regulatory Agreement.

5. The Developer will be responsible for paying any regulatory agreement preparation and recordation fee, as may be established from time-to-time by resolution of the Long Beach City Council.

II-H. Continued Affordability

Section 21.67.100 describes the income and affordability covenants that will be imposed on the Inclusionary Units in Ownership Residential Developments. These requirements include:

1. The income and affordability covenants will remain in place for the longer of:

    a. One cumulative 55-year period following the issuance date of a tentative or final Certificate of Occupancy for an Inclusionary Unit; or

    b. For so long as the subject property that includes such Inclusionary Units is developed for a residential use.

2. The City Attorney will cause to have prepared the covenants and agreements required to secure the continued compliance with the income and affordability restrictions being imposed on the Inclusionary Units.

3. A Homebuyer must agree to occupy the Inclusionary Unit as their Principal Residence, unless otherwise approved in writing for rental to a third-party eligible household for a limited period of time due to Household hardship as defined in Section IV-B-2 of this manual.

4. Officials, employees, or consultants of the City, members of City boards and commissions, and the Developer and the Developer's officials are required to comply with all applicable laws, regulations and policies relating to conflicts of interest.

II-I. Housing Trust Fund

In accordance with Section 21.67.110, all In-Lieu Fees and other funds collected under the auspices of the Chapter 21.67 Inclusionary Housing requirements must be deposited into the City's Housing Trust Fund. These funds must be maintained and accounted for separately in an Inclusionary Housing program subaccount.

Funds deposited in the City's Housing Trust Fund may be used by the City to pay for direct costs associated with administering and enforcing the Inclusionary Housing requirements imposed by Chapter 21.67.

After payment of eligible administrative and enforcement expenses, all of the remaining funds deposited in the Inclusionary Housing program subaccount must be expended to provide affordable housing assistance.

III. Program Administration

III-A. General

The Ordinance is administered by the City. The City determines the calculation of

Inclusionary Units to be provided and the income and affordability requirements to be imposed. The City also undertakes the initial review of an Inclusionary Housing Plan submitted by a Developer.

The City will administer the initial sale and resale of the Inclusionary Units, including the evaluation of the prospective Homebuyer's eligibility and the calculation of the Affordable Sales Prices. The City will also monitor the Homeowners' compliance with the program requirements. The City may, at its discretion, contract with a firm to act as an external administrator for some or all of these duties as needed. The City's role in the initial sale and resale of the Inclusionary Units includes:

1. Calculating the Affordable Sales Prices for Inclusionary Units, as outlined in Section VI of this manual.

2. Administering the selection process for potential Homebuyers.

3. Evaluating the documentation submitted by the Primary Lender for a potential Homebuyer to determine whether the potential Homebuyer is an Eligible Purchaser.

4. Referring Eligible Purchasers back to the Developer for the commencement of the negotiations that are intended to result in a sales transaction.

5. Providing a Homebuyer Counseling Session for each potential Homebuyer that has received pre-approval to purchase an Inclusionary Unit. This session shall provide information regarding the requirements imposed by the various inclusionary housing agreements the Homebuyer will be required to execute in order to purchase an Inclusionary Unit. The counseling shall be provided at no cost to the potential Homebuyer.

6. Completing the Inclusionary Housing Covenants Declaration and submitting it to escrow.

7. Monitoring the Homebuyers' compliance with Inclusionary Housing

Covenants Declaration requirements.

8. Administering the activities related to transfers of Inclusionary Units, and the resale procedures set forth in the Inclusionary Housing Covenants Declaration.

III-B. Fair Housing Policy

It is the City's policy to comply fully with all federal, state, and local non-discrimination laws. Specifically, the City shall not discriminate on account of race, color, national or ethnic origin, religion, sex, family or marital status, handicap or disability, age, ancestry, citizenship, gender identity and gender expression, genetic information, immigration status, primary language, sexual orientation, source of income, or any other arbitrary status (for example, occupation or veteran status).

III-C. Privacy Rights

Requests for the City to release information involving a prospective Homebuyer or a Homeowner must be accompanied by a written release request and/or a court order, unless disclosure is authorized under federal or state law.

All eligibility applications are held in strict confidence and are not considered public records, in line with HSC Section 34332.

IV. Homebuyer Eligibility

IV-A. General Policy

As the first step in the process, prospective Homebuyers must complete the Program Summary & Pre-Application Checklist provided by the City. If a prospective Homebuyer proceeds to the formal underwriting process, the Primary Lender must obtain documentation that demonstrates the prospective Homebuyer's eligibility to purchase an Inclusionary Unit.

Prospective Homebuyers that are unable to provide satisfactory evidence of income, assets, Household composition, First-Time Homebuyer status, and other

qualifying criteria will not be considered Eligible Purchasers and will not be allowed to purchase an Inclusionary Unit.

IV-B. Homebuyer Eligibility Criteria

B-1. Household and Unit Size Compatibility

The size of a prospective Homebuyer's Household must be compatible with the size of the Inclusionary Unit to be purchased. The minimum and maximum number of occupants are set as follows:

Number of Bedrooms in the Inclusionary Unit	Minimum Number of Occupants	Maximum Number of Occupants
0	1	2
1	1	3
2	2	5
3	4	7
4	5	9

B-2. Owner Occupancy

Prospective Homebuyers must certify that the Inclusionary Unit will be the Household's Principal Residence, and that it will not be used for any another purpose. This requires the Homebuyer to agree to adhere to the following requirements:

1. The Homeowner must reside in the Inclusionary Unit as their principal place of residence.
2. No part of the Inclusionary Unit may be rented or leased, including short-term rentals (such as AirBnB, VRBO, etc.), at any time except under a hardship provision approved in writing by the City. In an approved hardship case, the Homeowner may rent the Inclusionary Unit under the following

restrictions:

a. The rental period cannot exceed one year;
b. The Inclusionary Unit must be rented to an income-qualified Household at an affordable rent established by the City. The Household income limit for the prospective renter shall be the same as the Household Affordability Level for the Inclusionary Unit (Table 21.67-2 Column B, i.e. 200% AMI, 150% AMI, 135% AMI, or 120% AMI); and
c. The Homeowner must provide copies of all rental/lease agreements to the City.

Any violation of these restrictions will constitute a Default by the Homeowner.

The City will monitor Homeowners' compliance with the owner occupancy requirement by requiring Homeowners to complete an annual affidavit, in a form provided by the City. The City will also periodically review property title reports to monitor any ownership changes.

B-3. First-Time Homebuyers

All members of the prospective Homebuyer Household must be First-Time Homebuyers, as defined in Section I of this manual. The City requires a credit report for each Adult Household member to verify First-Time Homebuyer status. The City, at its discretion, may require additional documentation as needed to verify First-Time Homebuyer status.

B-4. Bankruptcy

No member of the Household may have a bankruptcy with a discharge date that is fewer than three years prior to the submission of an application to purchase an Inclusionary Unit.

B-4. Joint Custody Of Children

Prospective Homebuyers with joint custody of children must have custodial parent rights defined in a divorce decree for a child to be considered part of the

Household. This rule shall not be interpreted as disallowing children from living with parents with less than 50% custody rights; it is solely intended to be applied when determining Household size for program eligibility.

B-5. Composition of Household

The Household composition may not be altered after the prospective Homebuyer is approved as an Eligible Purchaser. If a prospective Homebuyer wishes to change the Household composition after being approved as an Eligible Purchaser, the prospective Homebuyer must restart the eligibility approval process from the beginning.

IV-C. Income Eligibility Criteria

C-1. Gross Income

The City will consider Gross Income for all Adult Household members when determining Homebuyer eligibility. In the event a prospective Homebuyer uses a co-signer on a mortgage loan, the Gross Income of the co-signer will be considered part of the Household's Gross income. The funds included in Gross Income are detailed in the Section I of this manual.

C-2. Maximum Income

The Inclusionary Units in Ownership Residential Developments are designated for Eligible Purchasers whose Gross Income is at or below the income limit specified in Table 21.67-2, Column B. Household Affordability Level. The maximum allowable Gross Income is determined on the basis of the actual Household size of the prospective Homebuyer. The Gross Income data will be updated annually following publication of the State Income Limits by HCD.

C-3. No Income Certification

Household members aged 18 years and older that report they do not receive any type of income must fill out an affidavit certifying this fact, in a form provided by the City.

IV-D. Mortgage, Down Payment, and Gift Fund Requirements

The mortgage and Homebuyer down payment requirements applied to the initial purchase of an Inclusionary Unit are described as follows:

D-1. Mortgage Requirements

1. The Primary Mortgage must be secured by a loan agreement and a deed of trust from a bank or company licensed to make home loans in California. Loans from family members, friends, or other non-licensed entities shall be considered gift funds to the Homebuyer, as defined in this manual.

2. The Inclusionary Housing Covenants Declaration shall be senior to the Primary Mortgage, and shall not be extinguished by foreclosure, a deed in lieu of foreclosure or power of sale, or sale.

3. Homebuyers must obtain a Primary Mortgage that is a fully amortizing, fixed interest rate mortgage with a term of at least 30 years. No interest only loans, negative amortization loans, balloon payment loans or variable interest rate loans will be allowed.

4. The Primary Mortgage used to acquire the Inclusionary Unit cannot exceed the lesser of:

    a. 97% of the Inclusionary Unit's appraised Fair Market Value, or

    b. 97% of the Affordable Sales Price.

5. The Back-End Ratio for Adult Household members cannot exceed 45%.

D-2. Minimum and Maximum Down Payment

The following minimum and maximum down payment requirements are applied to the purchase of an Inclusionary Unit:

1. Homebuyers must be able to make a down payment equal to at least 3% of the designated Affordable Sales Price and pay all the closing costs associated

with the purchase of the Inclusionary Unit.

2. At least 1% of the Affordable Sales Price must be provided from the Homebuyer's own funds.
3. The balance of the down payment up to applicable gift limit, can be provided using gift funds received by the Homebuyer.
4. The down payment amount is capped at 20% of the designated Affordable Sales Price.

In extraordinary circumstances, the City has the authority to review and approve variations to the established minimum and maximum amounts.

V. Developer Responsibilities

The Developer of Inclusionary Units must adhere to the Homebuyer Selection Procedures detailed in Attachment A to this manual. The Developer and/or the Primary Lender must compile the information required to demonstrate that the prospective Homebuyer complies with the requirements imposed by this manual.

The City will review the submittal for completeness and will notify the Developer and/or the Primary Lender of any missing information and/or documents. The Developer and/or the Primary Lender will be given 10 business days to provide the missing information and/or documents. Failure to provide the requested information and/or documents will be cause for denial of eligibility.

The City will evaluate the submitted information to determine whether the prospective Homebuyer is an Eligible Purchaser. The City may request additional documents and/or information at its discretion. Under extraordinary circumstances, at the written request of a Developer, the City, at its discretion, may waive certain Homebuyer Eligibility Requirements.

V-A. Submittal Requirements

The Developer and/or the Primary Lender must compile the following information,

and provide it to the City:

A-1. Household Composition Documents

For all Adult Household members, the City will require a photocopy of a driver license or other government-issued photo identification. For minors, the City will review tax returns (for dependents) and other documentation as necessary.

School Registration Documents

Adult Household members who are dependents of the prospective Homebuyer and who are full-time students will be required to provide copies of school transcripts or registration verification showing current full-time student status.

Verification of Divorce or Separation Status

Divorced or legally separated Household members must provide a copy of the divorce decree or legal separation document signed by a court officer. Married, but separated, couples must demonstrate at least one full year of complete financial and residential separation at time of application to be considered separated for purposes of determining eligibility. If this cannot be demonstrated, the couple must submit the application as co-applicants.

A-2. Financial Data

Credit Report

Each Adult Household member shall provide a credit report from a credit reporting agency. Such reports will be used to confirm applicant information such as First-Time Homebuyer status, current and previous addresses, current and previous employers, marital status, loan history, income to debt ratio, etc.

Mortgage Pre-Qualification Letter and Loan Application Packet

Prospective Homebuyers must submit a copy of a pre-qualification letter and full application packet from a Participating Lender. The application packet shall include, but shall not be limited to, the signed fully completed mortgage application, loan underwriting analysis, income verification, and credit verification.

The mortgage loan application packet shall be used by the City to verify the following: residency history, employment history, income, liabilities, assets (including real estate ownership), and down payment/mortgage financing amounts.

Checking, Savings, and Investment Account Statements

Prospective Homebuyers must submit copies of the three most recent months of statements for all accounts, including checking, savings, or other investment accounts owned in part or full by all Adult Household members. These account statements must demonstrate evidence of funds for the identified down payment amount. These statements must also demonstrate current period and year-to-date income earned on each account through interest and/or dividends.

Income Tax Returns

All Adult Household members will be required to provide signed copies of their two most recent federal income tax returns. This return must include all schedules and attachments. Prospective Homebuyers unable to provide copies of a federal income tax return will be required to obtain a tax history printout from the Internal Revenue Service. Prospective Homebuyers may be requested to sign an authorization for release of information to the City from the Internal Revenue Service for further verification of income. Referrals to the Internal Revenue Service may be made for confirmation of the income statement on a case-by-case basis.

Prospective Homebuyers are required to submit the identified income tax returns. Prospective Homebuyers that are unable to provide tax information for any reason will not be eligible to participate in the program.

Income tax returns shall be used by the City to verify the following: residency history, family composition, income history (including amounts and types of income), and real estate ownership.

A-3. Income Verification

Employment Income

In the order of preference, the following employment income verification sources will be considered acceptable. The documentation must specify the amount and type of pay (i.e. wages, overtime wages, commissions, and bonuses), frequency of pay, and year to date earnings:

1. Check stubs or earning statements for the most recent two-month period showing employee's gross pay per pay period and frequency of pay. The check stubs should include the year-end statement for the last full year of employment; or

2. Letter from the prospective Homebuyer's employer on company letterhead and signed by an authorized company representative.

Future income related to overtime, commissions and bonuses can be difficult to accurately predict. If necessary, these forms of income may be estimated based on historical amounts.

Income from a Business

Net income from a business owned in part or full by a prospective Homebuyer will be considered when determining income eligibility. Net income is defined as business receipts or sales less cash expenses that are essential for the operation of the business.

To estimate current net business income, the City will require the most recent two federal income tax returns and two full years of business and personal checking, savings, and other investment account statements for all business owners/partners.

Prospective Homebuyers must itemize gross business receipts or sales for the period covered by the most recent two federal income tax returns and forecast gross business receipts or sales for the year beyond the time of application. The prospective Homebuyers must also itemize the cash expenses that were applied to determine net business income for both periods.

The City will analyze all the submitted information when determining net business income. Prospective Homebuyers that are unable to provide satisfactory evidence of business income or expenses will be denied eligibility for the purchase of an Inclusionary Unit.

Social Security, Pensions, Supplementary Security Income (SSI), Welfare, Disability Income

Prospective Homebuyers must submit a copy of their most recent award or benefit notification letter prepared and signed by the authorizing agency. At the City's sole discretion, checks or bank deposit slips that show only net amounts remaining after deductions for SSI or Medicare may be accepted when award letters cannot be obtained.

Alimony or Child Support

Verification of alimony or child support income will be considered acceptable in the order listed:

1. Copy of a separation of settlement agreement or a divorce decree stating amount and type of support and payment schedules.
2. A notarized letter from the person paying the support attesting to the amount and terms of support payments.

V-B. Residential Purchase Agreement

The Developer must submit a copy of the Residential Purchase Agreement that is anticipated to be entered into by the Homebuyer and the Developer for the purchase and sale of the Inclusionary Unit. The City will review the agreement to verify the total purchase price, the Primary Mortgage terms and the Homebuyer down payment amount. The City has approval rights over any material amendments to the Residential Purchase Agreement made after it has been reviewed and approved.

Specific terms that the City will not allow include, but are not limited to, the following:

1. Homebuyers cannot be required to pay any extraordinary fees.
2. Homebuyers cannot be required to make any payments to the Developer that are not disclosed in the Residential Purchase Agreement.
3. No financing can be carried back by the Developer.

V-C. Disclosure Documents

Addendum to the Residential Purchase Agreement

For each Inclusionary Unit the Developer must submit an executed copy of an Addendum to the Residential Purchase Agreement, which has been signed by both the Developer and the Homebuyer. The Addendum to the Residential Purchase Agreement must include the exact language approved by the City and provided in Attachment B to this manual.

Certificate of Buyer

The Developer is required to submit an original, fully completed and signed Certificate of Buyer on the form approved by the City and provided in Attachment B to this manual. This document summarizes the proposed purchase transaction, and it identifies the Homebuyer's gross income and the number of persons that will occupy the Inclusionary Unit. The document includes an acknowledgement by the Homebuyer that the Inclusionary Housing Covenants Declaration will be recorded on legal title to the Inclusionary Unit.

Special Disclosures

The Developer is required to submit an original, fully completed and signed Special Disclosures document on the form approved by the City and provided in Attachment B to this manual. This document includes an acknowledgement by the Homebuyer that the Inclusionary Housing Covenants Declaration imposes

restrictions on the Inclusionary Unit being purchased.

VI. Affordable Sales Price

VI-A. General Policy

Inclusionary Units must be sold at no more than the defined Affordable Sales Price, as adjusted on the first day of each calendar quarter by request from the Developer to the City. This price will be calculated based on the specific covenants, conditions of approval, and other applicable use restrictions recorded on the Inclusionary Unit. The Affordable Sales Price is likely to be lower than the Fair Market Value of the Inclusionary Unit.

The Inclusionary Housing Guidelines impose the following basic financial requirements on the Affordable Sales Price calculations:

1. The Affordable Sales Price is calculated based on the standards imposed by HSC Section 50052.5 as follows: not be less than twenty-eight percent (28%) of the Gross Income of the Household, nor exceed thirty-five percent (35%) multiplied by the applicable percentage of area median income as shown in Table 21.67-2 Column C. Sales Price Affordability Level, adjusted for household size appropriate for the unit.

2. The Benchmark Down Payment amount, which is set at 5% of the Affordable Sales Price, will be used for the purposes of calculating the Affordable Sales Price. This Benchmark Down Payment amount is not tied to the actual down payment contributed by the Homebuyer.

VI-B. Affordable Sales Price Calculations

The Affordable Sales Price is equal to the Supportable Mortgage plus the Benchmark Down Payment. The Supportable Mortgage and the Benchmark Down Payment amounts will be calculated quarterly and provided by the City to the Developers of active Ownership Residential Developments by request.

The following sections of this manual illustrate the Affordable Sales Price

calculation methodology, which is based on identified variables. As these variables change, the Affordable Sales Price can increase or decrease. Developers and prospective Homebuyers should be informed that the Affordable Sales Price can increase or decrease, and that the Affordable Sales Price is in no way tied to unrestricted market rate home prices.

It is also possible that the Fair Market Value of Inclusionary Units may decrease over time. This may result in a situation where the resale value of the Inclusionary Unit is less than the original purchase price paid by the Homebuyer.

B-1. Household Size

The household income applied in the Affordable Housing Cost calculation is set at a benchmark equal to the number of bedrooms in the Inclusionary Unit plus one. For example, the benchmark household size for a three-bedroom Inclusionary Unit is four persons. HSC Section 50052.5 refers to this as "the household size appropriate for the unit". However, this is not meant to be an occupancy cap; it is simply a benchmark used to create a consistent methodology for calculating the Affordable Housing Cost.

B-2. Household Income

The household income applied in the Affordable Housing Cost calculation is shown in Table 21.67-2, Column C. Sales Price Affordability Level for each applicable time frame in the implementation schedule (Column A. Milestone Threshold). The applicable percentage of the AMI is adjusted for a household size equal to the number of bedrooms in the Inclusionary Unit plus one. For a Moderate Income Household, HSC 50052.5 sets the household income used to calculate the Affordable Housing Cost at 110% of the AMI, and the household income used to determine the eligibility of a prospective Homebuyer at 120% of the AMI.

B-3. Income Allocated to Housing Related Expenses

In line with the calculation specified in HSC 50052.5, 35% of the household income identified in Table 21.67-2, Column C. Sales Price Affordability Level shall be allocated to housing related expenses. However, a second test requires that

Households must expend at least 28% of their actual Gross Income on housing related expenses.

B-4. Housing Related Expenses

Non-mortgage related expenses will be calculated based on standards defined by the City. The expenses and standards are:

1. Property Tax and Assessments: The tax rate applied to determine the annual property tax cost will be set at 1.1% of the Affordable Sales Price for an Inclusionary Unit.

2. Fire and Casualty Insurance: The City will periodically survey local insurance companies to determine the typical annual cost of insuring a home for its replacement value.

3. Property Maintenance and Repairs: The City will apply a nominal cost allowance to cover the costs Homeowners will typically bear for maintaining their property over a one-year period.

4. Utilities: The City will estimate an annual utility cost allowance based on data published by the Housing Authority of the City of Long Beach.

5. HOA Fees: The HOA fees will be based on an estimate provided by the Developer of the fees that will be charged upon full buildout of the Ownership Residential Development.

B-5. Supportable Mortgage Amount

The Supportable Mortgage amount is determined based on the mortgage that can be supported given the income available after the other housing related expenses are paid:

1. The mortgage interest rate used in the Affordable Housing Cost calculation will be based on the U.S. weekly average annual percentage rate (APR) published by FreddieMac.com Primary Mortgage Market Survey for 30- year, fully-amortizing, fixed-interest rate loans.

2. The interest rate that will be used in the calculation will be based on the published interest rate on the first day of the quarter in which the Homebuyer enters into a Residential Purchase Agreement with the Developer.

B-6. Benchmark Down Payment

The Benchmark Down Payment used by the City to establish the Affordable Sales Price is set at 5% of the Affordable Sales Price. The actual down payment amount contributed by Homebuyers will vary from unit-to-unit:

1. The minimum Homebuyer down payment is set at 3% of the Affordable Sales Price for the Inclusionary Unit. At least 1% of the Homebuyer down payment must be contributed from the Homebuyer's own funds.

2. The Maximum Homebuyer down payment is capped at 20% of the Affordable Sales Price for the Inclusionary Unit. Gift funds, up to the applicable limit, can be applied to any down payment amount in excess of 1% of the Affordable Sales Price.

As discussed above, the actual down payment contributed by a Homebuyer can fall within a range of 3% to 20% of the Affordable Sales Price for an Inclusionary Unit. However, this variance in the actual down payment amount does not impact the dollar amount of the Affordable Sales Price. Rather, it impacts the maximum allowable dollar amount of the Primary Mortgage.

VII. Complaints and Appeals

Complaints concerning the Ordinance should be made in writing and addressed to the City. Complaints will be accepted only if they are in writing and are received within 30 days from the event giving rise to the complaint. In an attempt to resolve the matter, the City shall contact the complainant. If the complaint involves, pertains or relates to the Inclusionary Unit, or the prescreening and/or loan qualification process and procedures of the Developer/Project Owner, the City shall contact the Developer/Project Owner prior to responding to the complainant. A

written response from the City will be made to the complainant and Developer within 15 business days of contacting the last person(s) required to be notified and contacted concerning the complaint.

If a complainant is not satisfied with the written response, a request for an appeal may be filed with the Director of Community Development. The written request must set forth the reasons for the appeal, and must be received by the City within 15 business days from the date of the City's written response. In the event the request does not meet these requirements, the complainant will be notified that the request is denied; otherwise, the complainant will be invited to meet with the Director of Community Development to allow the complainant to advocate his/her position and to resolve the matter. If the appeal of the City's response involves, pertains or relates to the Inclusionary Unit, or the prescreening and/or loan qualification process and procedures of the Developer/Project Owner, the Developer/Project Owner shall be notified in advance of the meeting with the Director of Community Development, and shall have the right to appear at the meeting and respond any claims or allegations concerning Developer's/Project Owner's practices and procedures. The Director of Community Development's response will be made in writing and served on the complainant and Developer within 15 business days following the meeting.

Any decisions or responses made by the City to a complaint shall be supported by reasonable inferences of admissible facts and shall be consistent and compliant with the provisions of the Ordinance, Inclusionary Housing Regulatory Agreement and the Inclusionary Housing Guidelines: Ownership Residential Development – Developer Requirements.

VIII. Monitoring and Enforcement

City staff will maintain a high level of awareness to indicators of possible abuse and fraud by prospective Homebuyers and Households residing in Inclusionary Units.

VIII-A. File Audits Upon Close of Purchase

Upon the close of a purchase transaction, the City will obtain the following

information from the escrow company:

1. The original Inclusionary Housing Covenants Declaration executed by the Homebuyer and recorded on legal title to the Inclusionary Unit; and

2. A copy of the final buyer and seller settlement statements and a copy of the Homebuyer's title insurance policy.

The City will review these documents to ensure that the Inclusionary Housing Covenants Declaration was properly completed, executed, and recorded on legal title to the property. The City will also ensure that the financial terms of the purchase transaction are consistent with those that were approved at the time of the application.

VIII-B. General Policy

The City will monitor Homeowners' compliance with the owner occupancy requirement by requiring Homeowners to complete an annual affidavit, in a form provided by the City. The City will also periodically review property title reports to monitor any ownership changes.

VIII-C. Referrals, Complaints and Tips

The City will follow up on referrals from other agencies, companies, or individuals that are received by email, facsimile, mail, telephone, or in person, which allege that an prospective Homebuyer is non-compliant or otherwise violating program rules. Such follow-up will be made providing that the referral contains at least one item of information that is independently verifiable.

VIII-D. Internal File Review

The City will investigate instances where it discovers, as a result of administering the program, information or facts that conflict with previous file data or any knowledge of the prospective Homebuyer or vary in any way with statements made by the prospective Homebuyer.

Attachment A: Homebuyer Selection Procedures

I. Homebuyer Selection Procedures Overview

Developers of Inclusionary Units are required to complete all facets of the Homebuyer Selection Procedures detailed in this Attachment. Activities that must be undertaken by Developers include, but are not limited to, the following:

1. Adhering to the selection procedures set forth by the City;
2. Marketing the Inclusionary Units;
3. Identifying prospective Homebuyers for the Inclusionary Units;
4. Providing prospective Homebuyers with a prescreening application, provided by the City, that will allow them to determine whether they meet the basic qualifications to purchase an Inclusionary Unit;
5. Accepting purchase applications from prospective Homebuyers, and referring these Homebuyers to Participating Lenders to commence the underwriting process;
6. Notifying prospective Homebuyers of the City's pre- approval or denial decisions; and
7. Entering into sales transactions with the Homebuyers that receive final approval from the City.

II. Marketing the Inclusionary Units

The Developer is required to actively and affirmatively market the availability of the Inclusionary Units to potential Homebuyers who represent diverse community groups, including those who may be least likely to apply due to barriers in areas such as language or digital access. The Developer must obtain a Marketing and Homebuyer Selection Plan form from the City and submit the completed form to

the City for approval at least 90 days before marketing the housing units. The Developer must describe in the form their plan for marketing the Inclusionary Units and screening and selecting Homebuyers. The Developer must conduct the marketing and Homebuyer selection activities specified in their approved plan and provide documentation to the City to demonstrate compliance. The Developer's Marketing and Homebuyer Selection Plan must comply with all applicable fair housing laws.

III. Rental Units Converted to Ownership Units

As codified in LBMC 21.67.060.A, inclusionary housing units included in a residential development resulting from the conversion of a use from a residential rental development to a residential ownership development shall be offered for sale first to current tenants of the inclusionary units that meet all prospective Homebuyer eligibility requirements and shall otherwise comply with the inclusionary housing guidelines.

IV. Identifying Prospective Homebuyers

The Developer must accept primary responsibility for identifying Eligible Purchasers for the Inclusionary Units. The Developer may use prescreening and/or pre-qualification process and procedures including, but not limited to, pre-qualifying interested Homebuyers through the Developer's preferred lender. The Developer's preferred lender must contact the City and complete the activities required to be designated as a Participating Lender.

V. Homebuyer Selection Procedures

IV-A. Homebuyer Requirements

The Developer and prospective Homebuyers must complete the following activities:

1. The Developer must provide prospective Homebuyers with the Program Summary & Pre-Application Checklist.

2. A prospective Homebuyer that has completed the Program Summary &

Pre-Application Checklist, and believes they meet the requirements to be an Eligible Purchaser can submit an application to the Developer to purchase an Inclusionary Unit.

3. When more than one prospective Homebuyer applies to purchase the Inclusionary Housing Unit, the Developer must select a prospective Homebuyer through a lottery in compliance with the City of Long Beach Marketing and Homebuyer Selection Plan form that shall be provided to Developers.

4. The Developer must provide the prospective Homebuyer selected through the lottery with a list of Participating Lenders to contact to commence the underwriting process. If a prospective Homebuyer wishes to use a Primary Lender that is not a Participating Lender, that Primary Lender must contact the City and complete the activities required to be designated as a Participating Lender.

5. The prospective Homebuyer must make an appointment with a HUD-approved housing counseling agency to attend a Homebuyer Education Course online or in person. The prospective Homebuyer must complete the Course before proceeding to Phase II of the escrow process. The potential Homebuyer shall be responsible for any costs for the Homebuyer Education Course.

6. The prospective Homebuyer must make an appointment with the City for a Homebuyer Counseling Session. The prospective Homebuyer must complete the Session before proceeding to Phase II of the escrow process. The Session shall be provided at no cost to the prospective Homebuyer.

IV-B. Pre-Approval Process

The Developer, the prospective Homebuyer, and the Participating Lender must complete the following activities in order for the City to provide pre-approval for a prospective Homebuyer:

1. The Participating Lender must submit the Phase I documents identified in the Lender Checklist to the City.

2. The City will review the Participating Lender's submittals for completeness and will notify the Participating Lender of any missing information and/or documents. The Participating Lender will be given 10 business days to provide the missing information and/or documents. Failure to provide the requested information and/or documents will be cause for denying the prospective Homebuyer's request to purchase an Inclusionary Unit.

3. The City will review the completed Phase I documents and notify the Developer of the pre- approval or denial decision for each prospective Homebuyer.

4. The Developer will be responsible for informing prospective Homebuyers of the results of the pre-approval process.

The Developer may continue to accept applications for the purchase of an Inclusionary Unit until a prospective Homebuyer receives pre-approval from the City. The Developer shall be required to make good faith efforts to enter into a sales transaction with the first prospective Homebuyer to receive pre-approval. However, the Developer may accept back-up offers from other prospective Homebuyers as long as they had submitted a purchase application prior to the date on which the first pre-approval was provided.

The Developer may only commence negotiations with a prospective Homebuyer that has submitted a back-up offer if:

1. The pre-approved Homebuyer is unable to obtain a mortgage that complies with the requirements imposed by Section IV of the Inclusionary Housing Guidelines: Ownership Residential Development – Developer Requirements manual; and / or

2. If the pre-approved Homebuyer will not agree to the requirements

imposed by the Inclusionary Housing Covenants Declaration that the Homebuyer will be required to execute in order to purchase an Inclusionary Unit.

IV-C. Final Approval Process

At the completion of the underwriting process, the Participating Lender must submit to the City the Phase II documents identified in the Lender Checklist. Upon receipt of a complete set of Phase II documents, the City will issue final approval of the proposed sale of the Inclusionary Unit.

Attachment B: Homebuyer Disclosure Documents

Attachment B.1: Addendum to The Residential Purchase Agreement

The following language must be inserted exactly as written below into an Addendum to the Residential Purchase Agreement signed by both the seller and the buyer and attached to the Residential Purchase Agreement.

The subject property is an affordable housing unit in the City of Long Beach Inclusionary Housing Program. The City of Long Beach has established an Affordable Sales Price for this unit, and the purchase price in the Residential Purchase Agreement does not exceed this amount.

All consideration for the purchase of the subject property has been fully disclosed and described in the Residential Purchase Agreement, which will be submitted to the City of Long Beach for approval. Buyer and seller acknowledge that there may be no agreement separate from the Residential Purchase Agreement between buyer and seller or any other parties related in any manner to the purchase of the subject property, which would include payment for personal property, upgrades to the subject property, gifts, or other arrangements that might circumvent the Affordable Sales Price established by the City of Long Beach.

Attachment B-2: City of Long Beach Inclusionary Housing Program Certificate of Buyer

Buyer(s) / Co- Buyer(s) _____

Inclusionary Unit Address _____

Any Buyer(s) and Co- Buyer(s) are collectively referred to as the "Buyer". The Buyer hereby certifies the following:

1. Buyer is buying the Inclusionary Unit shown above with the intent to occupy the home as the Buyer's Principal Residence, and with the understanding that the home cannot be rented or leased.
2. The total purchase price of the Inclusionary Unit is $_____.
3. Buyer's combined annual Household Gross Income from all sources totals $_____.
4. The number of persons that will occupy the Inclusionary Unit is_____.
5. Buyer has read the Special Disclosure form attached hereto and understands the information contained therein.
6. Buyer acknowledges and understands that an Inclusionary Housing Covenants Declaration is recorded on title to the Inclusionary Unit.

All persons taking title to the Inclusionary Unit must sign this Certificate of Buyer.

Buyer / Co-Buyer	Buyer / Co-Buyer
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Date	Date

Attachment B-3: City Of Long Beach Inclusionary Housing Program Special Disclosures

Buyer(s) / Co-Buyer(s) _____

Inclusionary Unit Address: _____

Any Buyer(s) and Co-Buyer(s) are collectively referred to as the "Buyer". The undersigned "Buyer" who is buying the Inclusionary Unit shown above, acknowledges and understands that a Declaration of Inclusionary Housing Covenants, Conditions and Restrictions are recorded on legal title to the Inclusionary Unit, and that the restrictions contained therein relate to the transfer and use of the Inclusionary Unit.

The Buyer specifically acknowledges the following restrictions. All persons taking title to the Inclusionary Unit must initial each item below:

_____ The Buyer is responsible for selecting a mortgage lender. The City does not endorse any mortgage lender, and the Buyer is under no obligation to choose any particular mortgage lender.

_____ The Buyer must obtain a Primary Loan that complies with the mortgage requirements defined in Section IV of the Inclusionary Housing Implementation Guidelines: Ownership Residential Development manual.

_____ The Buyer must pay at least one percent (1%) of the Affordable Sales Price from the Buyer's own funds, except as otherwise permitted by the City.

_____ The City shall not be held responsible for any costs associated with the Inclusionary Unit that the Buyer purchases.

The Inclusionary Unit must be the Principal Residence of each member of the Household.

No part of the Inclusionary Unit may be rented or leased to any individual or household (this includes renting or leasing to family members of the Homeowner and short-term rentals (such as AirBnB, VRBO, etc.) at any time except under a hardship provision approved in writing by the City. In an approved hardship case, the Homeowner may rent the Inclusionary Unit under the following restrictions:

a. The rental period cannot exceed one year;
b. The Inclusionary Unit must be rented to an income-qualified Household at an affordable rent established by the City. The Household income limit for the prospective renter shall be the same as the Household Affordability Level for the Inclusionary Unit;
c. The Homeowner must provide copies of all rental/lease agreements to the City.

Refinancing existing debt on the Inclusionary Unit must be approved in

advance by the City. The City may establish limits on the amount of debt that may be secured by the Inclusionary Unit. The principal amount of the new loan cannot exceed the outstanding principal of the loan being refinanced.

Ownership of the Inclusionary Unit may not be amended or transferred without prior approval by the City.

The Homebuyer has executed agreements which secure the City's interests in the income and affordability that are imposed on the Inclusionary Unit. These income and affordability covenants will

_____ remain in place for the longer of one cumulative 55 year period commencing on the date that a tentative or final Certificate of Occupancy was approved by the City, or for so long as the subject property that includes the Inclusionary Unit is developed for residential use.

_____ The Homeowner may not discriminate against potential subsequent buyers based on their race, color, religion, sex, marital status, sexual orientation, national origin, ancestry, or any other protected status in accordance with fair housing laws.

The undersigned has taken the requirements included in the Inclusionary Housing Covenants Declaration, as partially described in this Special Disclosure, into account prior to determining to purchase the Inclusionary Unit.

All persons taking title to the home must sign this Special Disclosure.

Buyer / Co-Buyer	Buyer / Co-Buyer
Signature	Signature
Print Name	Print Name
Date	Date

Attachment C: Lender Checklists and Timeline

Attachment C-1: Lender Checklist - Phase 1 Pre-Approval

Homebuyer's Name: _____

Property Address: _____

Developer: _____

Affordable Sales Price: _____ Market Rate Sales Price: _____

Primary Loan Amount: _____ Interest Rate: _____

Phase I Documents: Required to be submitted by the Primary Lender to the City for Pre-Approval of the prospective Homebuyer

- □ Submittal Requirements identified in Section V-A of the Inclusionary Housing Implementation Guidelines: Ownership Residential Development manual
- □ Credit Reports for the Homebuyer and all Adult members of the Homebuyer household, and, if applicable, for the spouse or domestic partner of the Homebuyer irrespective of whether they will be included as a party to the Primary Loan
- □ Form 1003 – Loan application for the Primary Loan
- □ Verification that the prospective Homebuyer has made an appointment to attend the Homebuyer Education Course

Attachment C-2: Lender Checklist - Phase 2 Final Approval

Phase II Documents: Required to be submitted by the Primary Lender to the City for the Final Approval of the proposed sale of the Inclusionary Unit

- ☐ Residential Purchase Agreement
- ☐ Disclosure Documents provided as an attachment to the Inclusionary Housing Implementation Guidelines: Ownership Residential Development manual
- ☐ Approval of the Primary Loan by the Primary Lender
- ☐ Loan Estimate for Primary Loan
- ☐ Closing Disclosure for the Primary Loan
- ☐ Estimated Settlement Statement for the Primary Loan
- ☐ Verification of Employment for all Adult Household members
- ☐ Preliminary Title Report with Wire Instructions
- ☐ Escrow instructions with vesting information
- ☐ Appraisal for the Inclusionary Unit
- ☐ Certificate of completion for the Homebuyer Education Course

Attachment C-3: Phase I Estimated Timeline

Note: The number of days to complete each step in the escrow process is an estimate and subject to change.

City receives all Phase 1 Documents from the Primary Lender:
90 Day escrow period commences once all documents are complete and submitted to the City.

City notifies the Developer of pre-approval or denial of the Homebuyer applicanter after Phase 1 documents are submitted: Approximately 5 business days

City provides the Homebuyer Counseling Session to the Homebuyer and notifies Developer once completed. The Homebuyer must complete the Counseling Session before proceeding to Phase II: Approximately 10 business days (Concurrent with the following steps)

Developer informs the Homebuyer applicant in writing of the pre-approval or denial of the application: Approximately 5 business days

Developer commences good-faith negotiations with the pre-approved Homebuyer. Developer may accept back-up offers from prospective Homebuyers that submitted applications prior to receipt of the first pre-approval notice

Attachment C-4: Phase II Estimated Timeline

Note: The number of days to complete each step in the escrow process is an estimate and subject to change.

City receives Phase II Documents from the Primary Lender and notifies the Developer of the final aproval for the sale of the Inclusionary Unit to the Homebuyer: Approximately 5 business days

City completes the Inclusionary Housing Covenants Declaration and coordinates with the Homebuyer to sign the Covenants Declaration: Approximately 10 business days.

City notifies the Primary Lender to draw up the Primary Loan documents: Approximately 2 business days.

City completes City Attorney review of the Inclusionary Housing Covenants Declaration and City signatures: Approximately 10 business days (Concurrent with following step)

Primary Lender submits Primary Loan documents to escrow: Approximately 7 business days.

Attachment C-5: Escrow Closing Estimated Timeline

Note: The number of days to complete each step in the escrow process is an estimate and subject to change.

Homebuyer signs Primary Loan Documents and Disclosure Documents: Approximately 2 business days

↓

City sends signed Inclusionary Housing Covenants Declaration to escrow: Approximately 3 business days

↓

Primary Lender funds the Primary Loan: Approximately 1 business day

↓

Escrow records and closes: Approximately 90 days after escrow was opened

↓

Escrow and the Primary Lender send copies of recording documents and final Primary Loan documents to the City: 4 to 6 weeks following the close of escrow