



# **Appendix H**

## **Specific HOME Submission Requirements**

## MINORITY HOMEOWNERSHIP

The City of Pasadena's Homeownership Opportunities Program (HOP) has provided silent second deeds of trust to first-time homebuyers for 10 years to make homes affordable to eligible low and moderate-income households. The HOP Program is funded with both HOME Investment Partnership funds and Low and Moderate-Income Housing Trust Funds. In a culturally diverse community such as Pasadena, the number of minority homeowners has been significantly high. Of the 94 HOP loans awarded over the past five years, 90 percent have been minority households. It is anticipated that the percentage of minority households becoming homeowners during the period covered by the Consolidated Plan will also be 90 percent.

## AMERICAN DREAM DOWNPAYMENT INITIATIVE

The City of Pasadena intends to use the \$55,962 American Dream Downpayment Initiative (ADDI) funds under the Homeownership Opportunities Program (HOP). Due to the amount awarded, it is anticipated that the ADDI funds will be used in conjunction with HOME Homeownership funds to provide downpayment and closing cost assistance through a silent second or third deed of trust for one first-time homebuyer.

The targeted population are households who currently reside in Pasadena and have been renters. Due to the popularity of the HOP Program, households continually contact other Pasadena non-profit housing agencies and the City of Pasadena for information on how to participate in this program. One requirement of the HOP program is that potential first-time homebuyer households must attend homebuyer educational classes. The funds would only be awarded to a low-income household which has successfully completed homeownership counseling classes.

## MINORITY/WOMEN'S BUSINESS OUTREACH

The City of Pasadena (City) and the Pasadena Community Development Commission (Commission) are committed to a policy of Equal Opportunity Contracting. To this end, Developers and owners of single-family, multi-family and commercial properties, must agree to comply with Section 4.08.035 of the Competitive Bidding and Purchasing Ordinance of the Pasadena Municipal Code and the California Fair Employment and Housing Act (Government Code Section 12900 et seq.). This Ordinance stipulates that qualified firms including small businesses and businesses owned by women, minorities, and disabled persons are encouraged to submit bids or proposal on projects funded with City or Commission assistance. The Developers and Owners, in all solicitations or advertisements for applicants for employment placed by or on behalf of the Developer or Owner, are to state it is an "Equal Opportunity Employer."

Many of the projects assisted with either City or Commission funding are located in the Northwest and Central quadrants of the City as these areas are populated with a high concentration of lower-income, minority households. Many of these projects are funded with federal and state funding sources which require lower-income households to rent

and purchase properties. These developers and owners avail themselves of the services provided within the community, such as real estate firms, construction firms, accountants, insurance underwriters, and legal service firms, many of which are owned and managed by minorities and women.

#### HOME Tenant-Based Rental Assistance

The City of Pasadena has three census tracts concentrated with extremely low and low-income households (average 47.3%). Many of these households seek Section 8 Rental Assistance. However, the demand for extremely low and low-income households with special circumstances usually need immediate assistance. The Home Tenant-Based Rental Assistance Program (TBRA) is targeted to the special circumstance individuals and families. Special circumstances is recognized as involuntary displacement due to government action, involuntary displacement as a result of health or safety hazard citations by the City, victim of domestic violence, at risk homelessness due to a crisis situation, and temporary homelessness due to loss of job or other event beyond the persons' control. Applicants are referred to the Commission by a sponsor agency or by the City. If funds are available, applications will also be accepted from recognized supportive service agencies. Under the HOME TBRA Program, assistance is only for twenty-four (24) months with no exception to assist in meeting the unmet need of the special circumstances group.

Further, in cases where a HOME TBRA Program participant comes up on the Section 8 Rental Assistance Waiting List, the TBRA participant will be given the opportunity to select between the two (2) Programs. If the TBRA participant elects to remain on the HOME TBRA and declines the Section 8 Rental Assistance Voucher, his/her application will be withdrawn from the Section 8 Waiting List.

When Section 8 Rental Assistance Vouchers are available, the Commission reserves the option to move the TBRA participant to the Section 8 Rental Assistance Program to ensure continuity of assistance.

## AFFIRMATIVE MARKETING REQUIREMENTS OF THE PASADENA COMMUNITY DEVELOPMENT COMMISSION

In accordance with 24 CFR 92.351, the Pasadena Community Development Commission requires each HOME Program-assisted project to have an Affirmative Marketing Plan (the "Plan") designed to attract tenants from all racial, ethnic and gender groups in the housing market area, including those who would be least likely to reside in the development without affirmative outreach efforts. The Plan should promote equal housing choices for all prospective tenants regardless of race, color, religion, sex, sexual preference, creed, disability or national origin.

The Affirmative Marketing Plan shall include:

1. Advertising and notices should be in English, Spanish and one or more Asian languages. The Plan should be designed to reach the greatest possible number of non-English speaking persons.
2. Advertising in English and foreign-language media, or through contact with community groups which reach a significant number of the ethnic and minority communities represented in the City of Pasadena. To the extent feasible, notices should be sent to minority community organizations, places of worship, employment centers, fair housing groups and housing counseling centers throughout the City, to ensure that a wide segment of the City's diverse population is solicited.
3. An application period of sufficient duration to ensure that various ethnic and racial groups have sufficient time to learn about the availability of the project and to complete the required preliminary application process. Subject to the availability of space in the project, all persons who respond during this period are to have an equal opportunity to be selected for occupancy. A method of random selection must be used to establish relative priority among those otherwise eligible persons who respond during this period.
4. Applicants should be able to mail in applications for the housing, in addition to personally delivering the application.
5. These requirements are designed to promote outreach in the application process and are not intended to preclude reasonable screening of applicants on the basis of clearly established and legal selection criteria. Once an applicant's priority has been established through these procedures, a person-to-person interview at the site or some other location designated by the owner or manager is permissible, provided that sufficient scheduling flexibility is provided to meet the legitimate needs of the applicant.
6. To meet the Commission's requirements for affirmative marketing and fair housing, the following procedures are recommended.

A. The Development of an Affirmative Marketing Plan

(i) First, Owner should analyze the racial/ethnic composition of the neighborhood in which the development will be located, as well as the City of Pasadena, The City's Affirmative Action and Diversity Director ("Director") has the most recent racial/ethnic data available, including any special census or surveys.

(ii) The racial/ethnic composition and family income for households located throughout the entire City of Pasadena indicates the appropriate percentages for anticipated minority occupancy. Goals should reflect a realistic estimate of the anticipated results of an effective affirmative marketing program.

(iii) An indication of the group(s) that will most likely know about the project can be determined by an analysis of the data on the percentages of minority residents in the neighborhood and census tract where the project will be located. The Owner's understanding of the residents in the neighborhood should also be taken into consideration. When this has been determined, the affirmative marketing plan should be then be targeted toward those groups in the City not represented in the neighborhood, and those groups within the neighborhood who may have knowledge of the project but who are least likely to apply because of their ethnicity.

(iv) After deciding which groups should be addressed by the affirmative marketing program, Owner should identify community organizations or agencies which serve these groups. Organizations with close ties to the community and direct contact with minority persons should be used. Newspapers, radio stations, newsletters, etc., should also be identified.

B. Implementation of the Affirmative Marketing Program

(i) Before affirmative marketing begins, Owner staff will meet with the Director or other Commission staff to review the affirmative marketing program.

(ii) Contacts specified in the affirmative marketing program should be made at least two weeks before any general marketing to the remainder of the community.

(iii) Notices to community groups should include preliminary applications and applicant information sheets. A log of affirmative marketing efforts must be kept and submitted to the Director.

(iv) All advertising (including letters, information sheets and media advertising) must include the "Equal Housing Opportunity" logotype or slogan and the "handicapped-accessible" logotype.

C. Reports

During any rent-up period, Owner shall submit to the Director a monthly status report of all affirmative marketing steps taken, together with a report on the results of such program.

## **FIRST-TIME HOMEBUYERS' GUIDELINES FOR RESALE OR RECAPTURE**

The City of Pasadena First-Time Homebuyers and Homeownership Opportunities Program Guidelines for resale or recaptures are consistent with the HOME Program Regulations, Section 92.254. An appropriate HOME Program funding percentage shall be sold to, and owned and occupied by low-income families as defined by Section 92.2 of the HOME Regulations (the "Restricted Units"). Low-income families are defined as those families who meet the criteria of Section 92.254 of the Regulations for Homeownership, or the criteria of Health and Safety Code Section 50079.5 for "lower-income households," whichever criteria is more restrictive.

The housing units purchased shall not exceed 95% of the median purchase price for the single-family dwelling per Section 92.254 (a) (1) (i) and (ii) shall have an estimated appraised value at acquisition, if standard, or after any repairs made to meet property standards in 92.251, that does not exceed the limit described in (a) (1) M. In addition, only low-income families shall be eligible to purchase the restricted units.

The affordability period, resale and recapture provisions adopted by the City of Pasadena (the "Participant") follows Section 92.254 (4) (B) (ii) of the Regulations and is based on the same criteria as the Participant's "Homeownership Opportunities Program."

If the HOME Assisted owner-occupied unit is resold during the affordability covenant period, the Participant is repaid its principal loan amount, the loan fee (if any), plus a certain percentage of the appreciation in the sales price. The appreciation is calculated as follows: (a) the resale price, minus (b) the original sales price paid by the borrower, minus (c) the borrower's resale closing costs.

The Participant's share of the appreciation is equal to the ratio of the Participant's First-Time Homebuyers' down payment assisted second trust deed loan amount to the dwelling unit sales price originally paid by the borrower. The Participant's share of appreciation in any resale during the affordability covenant period may be subject to and modified by certain lender regulatory requirements.

In a resale, the borrower/seller may offer the unit at a price not to exceed fair market value, as may be determined by a MAI appraisal. Several factors determine the actual resale price that the seller can command: (a) the amount of funds coming back to the Participant upon resale; (b) the amount of Participant assistance required by the prospective buyer; (c) the financial ability of the prospective buyer to make the minimum down payment; and (d) the amount of the first trust deed loan for which the prospective buyer qualifies.

If the unit is resold with negative appreciation, the Participant staff will review the specific case and make any necessary adjustments to the loan amount such that repayment of the second trust deed loan (the Homebuyer's loan) does not cause hardship to the borrower.

The remaining percentage of units shall be sold to and occupied by "Persons and Families of Low or Moderate Income" (as defined in Section 50093 of the Health and Safety Code, as amended from time to time) (the "Other Units"). Only persons and families of low or moderate income meeting the criteria of the Participant's

Homeownership Opportunities Program shall be eligible to purchase the Other Units. The Other Units shall be sold at "Affordable Housing Cost" (as such term is defined in Section 50052.5 (b) (2) of the Health and Safety Code, as amended from time to time).