

Private Sewer Lateral Rehabilitation Program Guidelines

April 2017



Authorized by: _____
Karen Diemer, City Manager

Resolution NO. 167-42

**CITY OF ARCATA
PRIVATE SEWER LATERAL REHABILITATION
PROGRAM GUIDELINES**

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**CITY OF ARCATA
PRIVATE SEWER LATERAL REHABILITATION
PROGRAM GUIDELINES**

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CITY OF ARCATA
PRIVATE SEWER LATERAL REHABILITATION
PROGRAM GUIDELINES

Adopted April 2017

1.0. GENERAL

The City of Arcata, hereinafter referred to as the “City”, has made available funds for private sewer lateral repair and replacement. The rehabilitation program described herein, and hereinafter referred to as the “Program”, is designed to provide assistance to eligible homeowners within City limits for repair or replacement of sewer lateral lines located on the homeowner’s private property. The Program provides this assistance in the form of loans used to finance the cost of necessary repairs or replacement of the sewer lateral that will provide the homeowner with a healthy, safe, sanitary and code compliant home, referred to herein as “housing unit”. The Program will be administered by the City of Arcata, hereinafter referred to as the “Program Operator”.

1.1. PROGRAM OUTREACH AND MARKETING

The Program Operator will actively market the Program to residents in areas of the City targeted to receive sewer mainline and public lateral repairs and replacement. Informational public meetings will be held in conjunction with directed mailings to households in affected areas of the City.

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation, be excluded, denied benefits or subjected to discrimination under the Program. The City will ensure that all persons, including those qualified individuals with handicaps have access to the Program.

- A. The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program’s eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. A Fair Housing Marketing Plan can be found as Attachment A. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area.
- B. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The City will take appropriate steps

to ensure effective communication with disabled applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. Applications will be accepted year-round, but will be processed only when funds are available. The priority of applications will be based on residence within an area of the City in which sewer mainline and public lateral replacement and repair are currently occurring, and/or residence located within an area of the City that has been identified as having significant inflow and infiltration issues.

B. Application/Interview

Each applicant must complete an application form (Attachment B) and provide proof of income, home ownership, and residency. Applicants must also provide evidence that repair or replacement is necessary. Complete applications are date and time stamped; therefore, assistance is given on a first-come-first-served basis. Incomplete applications, as defined in handouts, are returned to the applicant and will not be date/time stamped until completed.

Once a household is selected for participation in the Program, an interview is scheduled with the applicant. The program is fully explained; application forms and documentation are reviewed; verifications are obtained for home ownership, residence, and income.

C. Contractor Selection/Work Estimate

The homeowner will select a contractor of their choice to perform the sewer lateral repair or replacement. The homeowner may request the Program Operator provide information regarding contractors under contract to the City to perform public sewer line repair and replacement. The contractor will provide a written estimate of the cost for the private sewer lateral repair or replacement.

D. Environmental Review

National Environmental Policy Act (NEPA) or California Environmental Quality Act (CEQA) review may be required as determined by the project.

E. Final Inspections/Notice of Completion/Final Payment

When the project is completed, City staff will perform a final inspection. Any corrections or deficiencies are noted and corrected by the contractor. Upon favorable final inspections, The City Building and Engineering department issues a Building Sewer Certificate valid for a period of twenty-five (25) years. Full payment to the homeowner is released 35 days after the issuance of the Certificate.

1.3. LOAN PROCESS

City staff must approve all applications for the Program. In order to participate in the program, applicants must meet all property and eligibility guidelines in effect at the time

the application is considered. Applicants will be provided written notification of approval or denial. Any reason for denial will be provided to the applicant in writing.

2.0. APPLICANT QUALIFICATIONS

2.1. INCOME CATEGORIES

All homeowners must self-certify that they meet the household income eligibility requirements of the appropriate loan category, and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. The percentage of the County's area median income (AMI), adjusted for household size, as published by HCD each year, will determine which loan category the homeowner qualifies for.

The link to the HCD maintained, Official State Income Limits is:

<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>

Household: means one or more persons who will occupy a housing unit. Unborn children will be counted in family size determination.

Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.1.1 OWNER-OCCUPIED REQUIREMENTS

Owner-occupants, defined as property owners whose primary residence is located on the subject property, will be placed in the following categories based on household annual income:

Loan Category A: 80% AMI and below

Loan Category B: 81% AMI and above

Owner-occupants must have a current City of Arcata utility service agreement, and account in good standing. Property taxes for the subject property must be current.

2.1.2 OWNER-INVESTOR REQUIREMENTS

Owner-investors, defined as property owners whose primary residence is not located on the subject property, are eligible for the program if the written estimated repair cost for the sewer lateral repairs, including clean-out installation if necessary, is \$2,500.00 or above. They will be eligible for the terms in Loan Category C (see 4.1.2 below).

Owner-investors must sign a City of Arcata utility service agreement, and keep the account in good standing. Property taxes for the subject property must be current.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the household will be used to determine income category based on the published HCD income limits. Income will be verified by reviewing and documenting a copy of the most recent tax return for all members of the household. All

documentation shall be kept in the applicant file, and held in strict confidence.

2.3. HOMEOWNER ELIGIBILITY AND RESIDENCY REQUIREMENTS

The City's Private Sewer Lateral Rehabilitation Program allows for owner-occupied and owner-investor properties to participate in the program. Owner-occupied units must be the owner's principal place of residence. A photocopy of a recent utility bill will verify proof of occupancy.

3.0. PROPERTY ELIGIBILITY

3.1. CONDITIONS

- A. All housing units must be located within the city limits of Arcata.
- B. Property must contain a legal residential structure intended for continued residential occupancy.
- C. Housing unit types eligible for the Program are: single-family detached houses, half-plex, duplex, or condominiums.
- D. Property must require sewer lateral replacement as evidenced by failure of a sewer lateral pressure leak test; or property must be located in an area undergoing mainline and public lateral replacement; or property must be located in an area of the City identified as having significant inflow and infiltration problems.
- E. Properties lacking required sewer clean-outs, including clean-outs in the City Right of Way, are eligible for the Program.
- F. All repair work will meet Building Codes and a building permit must be issued prior to start of rehab work.

3.2. SALE OR CONVERSION OF PROPERTY

- A. In the event that a property owner sells, transfers title, or discontinues residence in the rehabilitated property for any reason, the loan becomes due and payable.
- B. If an owner-occupant converts the principal residence to a rental unit, or any commercial or non-residential use, the loan is due and payable.

4.0. THE PROGRAM LOAN

4.1. RATES AND TERMS

4.1.1. OWNER-OCCUPANTS

- A. Loan Category A: 80% AMI and below

Owner-occupants are eligible for a fully amortized loan with a term of sixty (60) months at a fixed interest rate of four percent (4%). Loan repayment will be through City of Arcata utility billing. A City of Arcata administrative fee of \$250.00 will apply. Applicants at 60% AMI and below may request review of their application by the Loan Advisory Committee.

B. Loan Category B: 81% AMI and above

Homeowners are eligible for a fully amortized loan with a term of twenty-four (24) months at a fixed interest rate of four percent (4%). Loan repayment will be through City of Arcata utility billing. A City of Arcata administrative fee of \$250.00 will apply.

4.1.2. OWNER-INVESTORS

A. Loan Category C:

Owner-investors with a minimum estimated repair cost of \$2,500.00 are eligible for a fully amortized loan with a term of twenty-four (24) months at a fixed interest rate of four percent (4%). Loan repayment will be through City of Arcata utility billing. A City of Arcata administrative fee of \$250.00 will apply.

4.1.3. ALL OWNER-OCCUPIED AND OWNER-INVESTOR LOANS SHALL BE SUBJECT TO THE FOLLOWING

- A. The Loan Advisory Committee may authorize an extended term and/or reduced interest rate beyond the term and rate specified for Program loans as set forth above if exceptional and special circumstances are established. The Loan Advisory Committee may authorize repayment of the loan through a special assessment on the Property Tax bill in cases of extreme financial hardship.

5.0. PROGRAM REPAYMENT

5.1. LOAN PAYMENTS

Loan payments will be collected on a monthly basis through City of Arcata utility billing. The City reserves the right to terminate utility services in the event of non-payment, and to exercise any other available remedy.

5.2. LOAN PAYOFF

There are no fees or penalties associated with early payoff.

6.0. CONSTRUCTION

6.1. STANDARDS

- A. All repair work will meet Building Code and City Standards.

- B. The homeowner is the responsible agent in the contracting process.
- C. Approved Contractors
 - 1. Contractors are required to be licensed with the State of California, and be active and in good standing with the Contractors' License Board .
 - 2. Contractors must have public liability and property damage insurance, and worker's compensation, unemployment and disability insurance, to the extent required by State law.
 - 3. Contractor must agree to comply with all federal and state regulations.
 - 4. Encroachment permits are required for any work performed in the City Right of Way. Encroachment permit fees will be waived for applicants eligible for Loan Category A.

6.2. ELIGIBLE CONSTRUCTION COSTS

Allowable costs include cost of building permits, Building Sewer Certificate and other related government fees, as well as labor and materials for private sewer lateral testing, repair and/or replacement.

6.3. REPAIR CALLBACKS

Contractors will comply with State law regarding all labor and material warranties. All labor and material shall meet FHA minimum specifications

7.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

7.1. AMENDMENTS

The City may make amendments to these Program Guidelines. Any changes made shall be in accordance with federal and state regulations, and shall be approved by the City Manager and/or local governing body.

7.2. EXCEPTIONS

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception .

8.0. PROGRAM COMPLAINT AND APPEAL PROCEDURES

Complaints concerning the City's Private Sewer Lateral Rehabilitation Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal shall be made in writing and filed with the City. The City will then schedule a meeting with the Loan Advisory Committee. The Committee's written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the local governing body.

ATTACHMENT A

SEWER LATERAL REHABILITATION MARKETING PLAN

SUMMARY

The City will market the Private Sewer Lateral Rehabilitation Program in a manner that will reach all community members.

All marketing related to the Private Sewer Lateral Rehabilitation Program is publicized in both English and Spanish. All marketing materials include information identifying the City’s commitment to fair housing laws and affirmative marketing policy, and are widely distributed. Equal opportunity is emphasized in written materials and oral presentations. A record is maintained by the City identifying what marketing materials are used, and when and where they are distributed.

Forms of marketing may include fliers, brochures, newspaper ads, articles and public service announcements. Fliers and brochures are distributed at local government buildings, other public buildings and through the mail, as well as to businesses that assist those not likely to apply without special outreach. Advertisements and articles are published in newspapers that are widely circulated within the community.

Established working relationships with local lending agencies also aid in informing the public by facilitating the distribution of informational fliers to households seeking financial assistance for repairs that are unable to obtain conventional financing.

Informational meetings are offered to potential participants to explain program requirements. Often, minimal formal outreach efforts are required as the need for assistance generally exceeds funds available. However, marketing measures are actively performed in order to maintain a healthy interest list.

Characteristics on all applicants and participants are collected and compared with the City’s demographics. Should the City find that there are underserved segments of the population, a plan to better serve them will be developed and implemented.

MARKETING FORMS

- Fliers
- Brochures
- Newspaper Ads and Articles
- Public Service Announcements
- Public Informational Meetings

MARKETING VENUES

- Local Government Buildings
- Local Public Services Buildings
- Private Businesses
- Lending Agencies
- Real Estate Offices
- Newspaper
- Radio
- Mail



CITY OF ARCATA
PRIVATE SEWER LATERAL REHABILITATION
PROGRAM APPLICATION FORM

PRIVATE SEWER LATERAL REHABILITATION LOAN

Owner Type

- Owner Occupant
- Owner Investor

Housing Unit Type

- SFR Detached
- Half-Plex
- Duplex
- Condominium

Assessor's Parcel # _____

Property Address _____

APPLICANT INFORMATION

Applicant Name _____

Street Address _____

City _____ State _____ Zip _____

Primary Phone _____ Work Phone _____ Email _____

Mailing Address (If Different) _____

Date of Birth _____ Place of Birth _____

SSN _____ Gender: Male Female

APPLICANT ETHNICITY (Select One)

Not Hispanic Hispanic

Race (Select One)

- | | |
|--|--|
| White | American Indian / Alaskan Native & White |
| Black / African American | Asian & White |
| Asian | Black / African American & White |
| American Indian / Alaskan Native | American Indian / Alaskan & Black / African American |
| Native Hawaiian / Other Pacific Islander | Other Multi-Racial |

Other Demographic Data (Select Each that Applies)

- | | |
|--------------------------|-------------------------|
| Female Head of Household | Single / Non-Elderly |
| Participant Disabled | Related / Single Parent |
| Veteran | Related / Two Parent |
| Elderly | Other: _____ |

CO-APPLICANT INFORMATION

Co-Applicant Name _____

Primary Phone _____ Work Phone _____ Email _____

Date of Birth _____ Place of Birth _____

SSN _____ Gender: Male Female

CO-APPLICANT ETHNICITY (Select One)

Not Hispanic

Hispanic

Race (Select One)

White

Black / African American

Asian

American Indian / Alaskan Native

Native Hawaiian / Other Pacific Islander

American Indian / Alaskan Native & White

Asian & White

Black / African American & White

American Indian / Alaskan & Black / African American

Other Multi-Racial

Other Demographic Data (Select Each that Applies)

Female Head of Household

Single / Non-Elderly

Participant Disabled

Related / Single Parent

Veteran

Related / Two Parent

Elderly

Other: _____

REPORT OF INCOME BENEFITS

Applicants for assistance under the City of Arcata Private Sewer Lateral Rehabilitation Program are required to provide verifiable evidence of annual household income. This includes related and unrelated household members and persons who will be living in the residence more than half time. Please list below the household members who are included in your application and submit copies of income verification. Acceptable documentation is a copy of the most recent income tax return submitted to the Internal Revenue Service. If income tax returns are not available, please use the space on Page 3 to provide information about why they are not available.

**CONFIDENTIAL INCOME CERTIFICATION / APPLICATION CERTIFICATION
AUTHORIZATION FOR RELEASE OF INFORMATION**

My total household size consists of _____ members, and the total gross annual income* for all adult members is \$ _____.

* Gross annual income must include all sources of income (wages, child support, SSI, unemployment, pension, income from assets, etc., but does not include the income of live-in aids, per 24 CFR 5.403).

I certify that the information given on this form is true and accurate to the best of my knowledge. I am aware that there are penalties for willfully and knowingly giving false information on an application for City funds, which may include immediate repayment of all City funds received and/or prosecution under the law. I authorize the City of Arcata or its Program Operator to make any and all inquiries necessary and appropriate to verify this information. I understand that the City of Arcata or its Program Operator will keep this application whether or not this loan is approved.

Applicant Signature

Date

Co-Applicant Signature

Date

Applicant Name (print)

Co-Applicant Name (prnt)

ATTACH THE FOLLOWING DOCUMENTATION

Photocopy of Recent Utility Bill

Photocopy of Driver's License or Other Government-Issued Identification

Proof of Failure of a Sewer Lateral Pressure Leak Test, or Inability to Perform the Test

Written estimate of repair costs from approved Contractor

PROVIDE ADDITIONAL INFORMATION OR COMMENTS HERE

PLEASE DO NOT WRITE BELOW THIS LINE (FOR CITY STAFF USE)

INCOME VERIFICATION BY STAFF

Annual Household Income _____ # Household Members _____ Date Verified _____

Assigned Loan Category _____

Project in City Limits? Yes No Project in Sewer Rehab Area? Yes No

APPROVAL

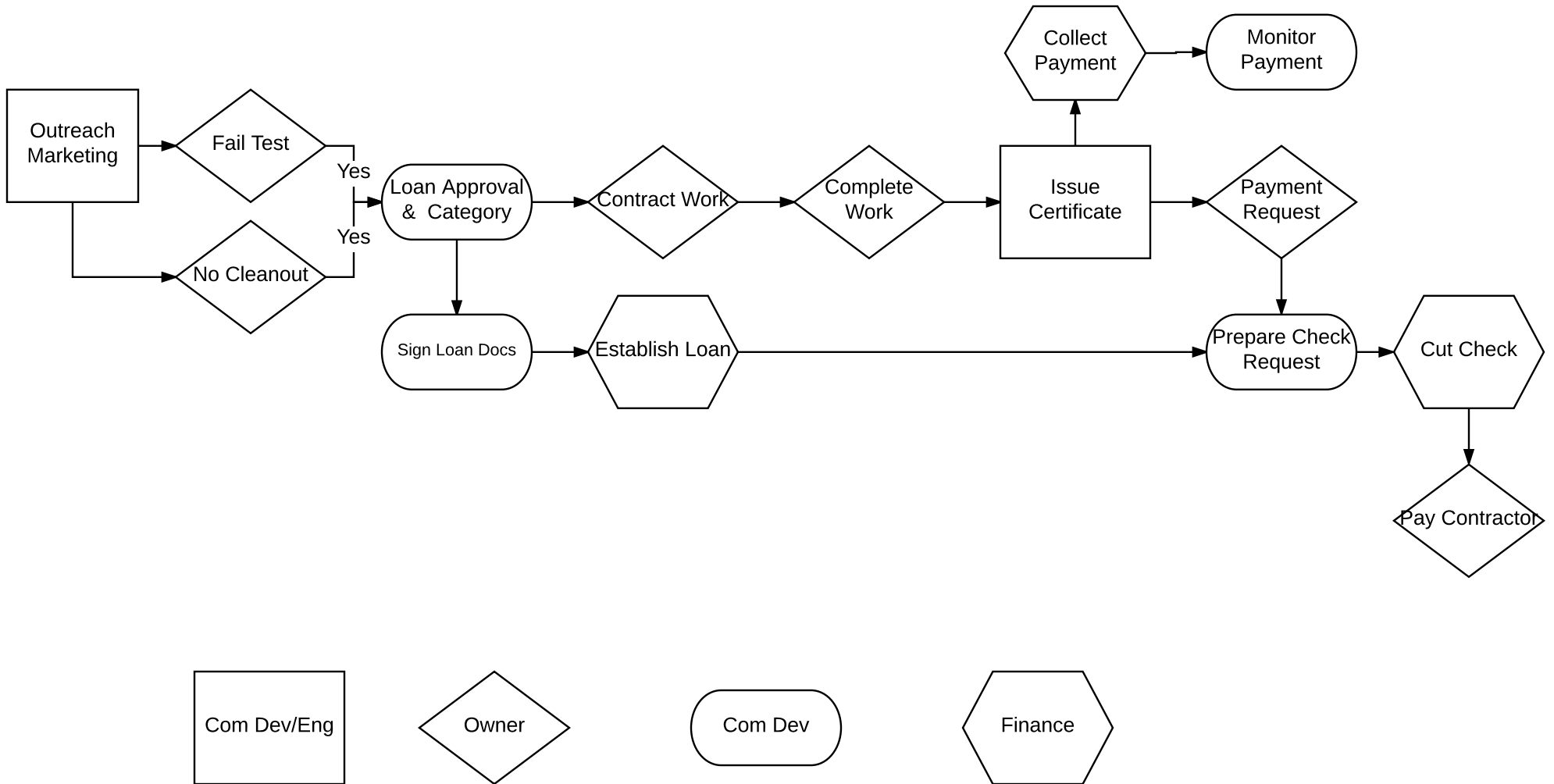
Approved Declined

Letter Sent _____ By _____

Building Sewer Certificate Issued: _____

ATTACHMENT C

Sewer Lateral Rehab Program Process Overview



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Division of Housing Policy Development

2020 W El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

**MEMORANDUM**

DATE: May 24, 2016

TO: Interested Parties

Lisa Bates

FROM: Lisa Bates, Deputy Director
Division of Housing Policy Development

SUBJECT: **State Income Limits for 2016**

Attached are briefing materials and State Income Limits for 2016 that are now in effect and replace State 2015 Income Limits. Income limits reflect updated median income and household income levels for extremely low-, very low-, low-, and moderate-income households for California's 58 counties. The State's Official 2016 income limits can be downloaded on the Department of Housing and Community Development's (Department) website <<http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>>.

State Income Limits apply to designated programs and are to be used to determine applicant eligibility (based on level of household income) and to calculate affordable housing cost for applicable housing assistance programs. Note that use of State Income Limits is subject to a particular program's definition of income, family, family size, effective dates, and other factors. Also, definitions applicable to income categories, criteria, and geographic areas sometimes differ depending on funding source and program resulting in some programs using other income limits.

Briefing materials explain California's 2016 income limits were updated based on: (1) changes to income limits the U.S. Department of Housing and Urban Development (HUD) released on March 28, 2016 for its Public Housing and Section 8 Housing Choice Voucher Program and (2) adjustments the Department made based on State statutory provisions and the Department's 2013 Hold Harmless (HH) Policy.

Since 2013, the Department's HH policy has held State Income Limits harmless from any decreases in household income category and median income levels that HUD, since 2010, began applying to its Section 8 Income Limits after eliminating its longstanding Hold Harmless Policy. HUD determined its HH Policy was no longer necessary due to federal law changes in 2008 (Public Law 110-98) prohibiting rent decreases in federal or private activity bond funded projects.

Please contact Department staff at (916) 263-2911 to answer questions concerning State Income Limits.

Attachments: 2016 State Income Limits and Briefing Materials

**2016 State Income Limits Briefing Materials
California Code of Regulations, Title 25, § 6932**

Overview

California Department of Housing and Community Development (HCD), pursuant to Health & Safety Code (H&SC) Section 50093(c), must file updates to its State Income Limits with the Office of Administrative Law. HCD annually updates these income limits based on Federal Department of Housing and Urban Development (HUD) revisions to its Public Housing and Section 8 Housing Choice Voucher Program that HUD released on March 28, 2016.

HUD annually updates its Section 8 income limits to reflect changes in area and family median income levels and income levels for different size households and income categories for extremely-low, very-low, and low- income households. HCD, pursuant to statutory provisions, makes the following additional revisions:

- (1) increases a county's smaller area median income to equal California's higher non-metropolitan median income,
- (2) adjusts area median income and household income category levels to not result in any decrease for any year after 2009 pursuant to HCD's February 2013 Hold Harmless (HH) Policy. HCD's HH policy was implemented to replace HUD's HH Policy, discontinued in 2009, to not decrease income category and area median income levels below a prior year's highest level, and
- (3) determines income limits for California's moderate-income category.

Following are brief summaries of different technical methodologies used by HUD and HCD in updating income limits for different household income categories.

HUD Methodology

HUD uses 40th percentile rents in 50th percentile fair market rent (FMR) areas, to calculate high housing cost areas. The purpose is to prevent fluctuations in "Low-Income Housing Tax Credit Difficult Development Area" determinations that result solely from high housing cost income limit fluctuations as areas go in and out of the 50th percentile FMR program.

Extremely Low-Income

This income category comprises households with a maximum income of 30 percent (30%) of HUD's median family income (MFI). HUD calculates extremely-low income limits based on very-low income limits. Extremely low-income limits reflect 60 percent (60%) of very-low income limits. However, HUD sets a floor based on minimum Supplemental Security Income (SSI).

Very Low-Income

The maximum very-low income limit typically reflects 50 percent (50%) of MFI. HUD's MFI figure generally equals two times HUD's 4-person very low-income limit, except when HUD applies adjustments. HUD may adjust income limits for an area or county to account for conditions that warrant special considerations, referred to as exceptions. HUD may

2016 State Income Limits Briefing Materials
California Code of Regulations, Title 25, § 6932

apply exceptions to areas with unusually high or low family income, uneven housing-cost-to-income relationships or historical exceptions. The following reflect HUD's explanations of adjustment increases and decreases contained in HUD's FY 2016 Income Limits Briefing Material:

Adjustment Increases:

HUD applies an increase, if the four-person very low-income limit would otherwise be less than the amount at which 35 percent (35%) of it equals 85 percent (85%) of the annualized two-bedroom Section 8 FMR (or 40th percentile rent in 50th percentile FMR areas). The purpose is to increase the income limit for areas where rental housing costs are unusually high in relation to the median income.

HUD applies an increase to the four-person income limit to equal the State non-metropolitan median family income level. In addition, the four-person income limit is also increased to not be less than 95 percent of last year's very low income limit. HUD restricts adjustments so income limits do not vary more than five percent (5%) of the previous year's very low-income figure. Very low-income limits are used as the base to calculate extremely-low and low-income limits.

Adjustment Decreases:

HUD applies a decrease to the greater of 80 percent (80%) of the U.S. median family level (MFI), or the amount at which 30 percent of a four-person family's income equals 100 (100%) percent of the two-bedroom FMR (or 40th percentile rent in 50th percentile FMR areas). The purpose is to decrease the income limit for areas of high median family income. The four-person income limit is reduced to the greater of 105 percent (105%) of last year's limit or twice the change in the national MFI estimate, if that amount would be larger than five percent (5%).

HUD restricts income limit adjustment increases and decreases to not vary more than five percent (5%) of the previous year's very low-income figure. Adjusted very low-income limits are used as the base to calculate extremely-low and low-income limits.

Low-Income

In general, maximum income for low-income households reflects 80 percent (80%) of the MFI level. Most low-income limits represent the higher level of: (1) 80 percent of MFI or (2) 80 percent of State non-metropolitan median family income. However, due to adjustments that HUD sometimes makes, strictly calculating low-income limits as 80 percent of MFI could produce unintended anomalies inconsistent with statutory intent. HUD's briefing materials specify that, with some exceptions, the low-income limit reflects 160 percent (160%) of the very low-income limit. HUD may apply exceptions to areas with unusually high or low housing-costs-to-income relationships. An example of the result from HUD applying an exception to an area could be an increase to the low-income limit without an increase to the very low-income limit. In sum, an "80%" limit cannot be assumed to equal 80 percent of the AMI or 4-person median income limit nor 160 percent of the very low-income limit due to adjustments HUD may make.

**2016 State Income Limits Briefing Materials
California Code of Regulations, Title 25, § 6932**

Median Family Income/Area Median Income

HUD references and estimates the term Median Family Income (MFI) in calculating its income limits. California law and income limits reference Area Median Income (AMI) that, pursuant to H&SC 50093(c), means the median family income of a geographic area estimated by HUD for its Section 8 Program.

HUD's calculations of Section 8 Income Limits begin with the production of MFI estimates. FY 2016 MFI estimates use 5-year survey data (American Community Survey (ACS) 2009-2013 augmented by 2013, 1-year ACS. HUD then adjusts the survey data to account for anticipated income growth by applying the Consumer Price Index (CPI) inflation forecast (from federal FY mid-2013 through April, mid-2016) that the United States Congressional Budget Office published in January 2016. HUD's determination of MFI is used to calculate very low-income limits that are then used as the basis to calculate income limits for other income categories.

Income Limit Calculations for Household Sizes Other Than 4-Persons

Income limits for all income categories are adjusted for household size so that larger households have higher income limits than smaller households. For all income categories, income limits for household sizes other than 4-persons are calculated using the 4-person income limit as the base. HUD's adjustments use the following percentages, with results rounded to the nearest \$50 increment:

Number of persons in Household: 1 2 3 4 5 6 7 8

Adjustments: 70% 80% 90% Base 108% 116% 124% 132%

Income Limit Calculations for Household Sizes Greater Than 8-Persons

For households of more than eight persons, refer to the formula at the end of the table for 2016 Income Limits. Due to the adjustments HUD can make to income limits in a given county, table data should be the only method used to determine program eligibility. Arithmetic calculations are applicable only when a household has more than eight members.

Reference: FY 2016 HUD Income Limits Transmittal Notice PDR-2016-02 issued March 28, 2016 and HUD Income Limits Briefing Material dated March 10, 2016, both of which can be found at <https://www.huduser.gov/portal/datasets/il/il16/index.html>.

HCD Methodology

State law (Health & Safety Code Section 50093, et. seq.) prescribes the methodology the Department uses to update its Official State Income Limits. The Department utilizes HUD's Section 8 Housing Choice Voucher Program Income Limits. HCD's methodology involves: (1) increasing counties' smaller median incomes established by HUD to equal California's non-metropolitan median income determined by HUD, (2) applying HCD's Hold Harmless (HH) Policy, in effect since 2013, to not allow decreases in area median income levels and household income category levels, and (3) determining income limit levels applicable to California's moderate-income households defined by State law as household income not exceeding 120 percent of county area median income.

**2016 State Income Limits Briefing Materials
California Code of Regulations, Title 25, § 6932**

Area Median Income and Income Category Levels

HCD, pursuant to federal and state law and its Hold Harmless (HH) Policy, adjusts median income levels determined by HUD for a metropolitan county (county included in a metropolitan statistical area) and for a non-metropolitan county (county not included in a metropolitan statistical area). HUD, pursuant to Federal law (Section 567 of the 1987 Housing and Community Development Act) and policy, requires adjusting any county's smaller median income to equal HUD's higher determined state non-metropolitan median income (\$58,900: California for 2016). Next, HCD, for all counties, applies its HH policy to ensure area median income and income limits for all household income categories do not fall below any level achieved in the prior year.

4-person Median Income Calculation

HUD's 4-person median income figure usually reflects the county's AMI figure. HUD sometimes makes adjustments to decrease the 4-person very-low income limit when median family income is unusually high. The Department makes adjustments so its calculation of the 4-person very-low income limit for each county is not less than HUD's median family income figure and, pursuant to HCD's HH Policy, not less than the prior year's higher level.

Moderate-Income Levels

The Department is responsible for establishing California's moderate-income limit levels. After calculating the 4-person area median income (AMI) level as previously described, the Department sets the maximum moderate income limit to equal 120 percent of the county's AMI.

Applicability of California's Official State Income Limits

Applicability of these State Income Limits is subject to particular programs as program definitions of such factors as income, family, and household size, etc., vary. Some programs, such as Multifamily Tax Subsidy Projects (MTSPs), use different income limits.

For MTSPs, separate income limits apply per provisions of the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289). Income limits for MTSPs are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under Section 42 of the Internal Revenue Code (Code). Also, MTSP income limits apply to projects financed with tax exempt housing bonds issued to provide qualified residential rental development under Section 142 of the Code. These income limits are available at this web link <http://www.huduser.org/datasets/mtsp.html>.

Section 6932. 2016 Income Limits

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
EI Dorado County 4-Person Area Median Income: \$76,100	Extremely Low	16000	18300	20600	24300	28440	32580	36730	40890
	Very Low Income	26650	30450	34250	38050	41100	44150	47200	50250
	Low Income	42650	48750	54850	60900	65800	70650	75550	80400
	Median Income	53250	60900	68500	76100	82200	88300	94350	100450
	Moderate Income	63900	73050	82150	91300	98600	105900	113200	120500
Fresno County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300
Glenn County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300
Humboldt County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300
Imperial County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300
Inyo County 4-Person Area Median Income: \$72,000	Extremely Low	15150	17300	20160	24300	28440	32580	36730	40890
	Very Low Income	25200	28800	32400	36000	38900	41800	44650	47550
	Low Income	40350	46100	51850	57600	62250	66850	71450	76050
	Median Income	50400	57600	64800	72000	77750	83500	89300	95050
	Moderate Income	60500	69100	77750	86400	93300	100200	107150	114050
Kern County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300
Kings County 4-Person Area Median Income: \$58,900	Extremely Low	12400	16020	20160	24300	28440	32580	36550	38900
	Very Low Income	20650	23600	26550	29450	31850	34200	36550	38900
	Low Income	33000	37700	42400	47100	50900	54650	58450	62200
	Median Income	41250	47100	53000	58900	63600	68300	73050	77750
	Moderate Income	49500	56550	63650	70700	76350	82000	87650	93300