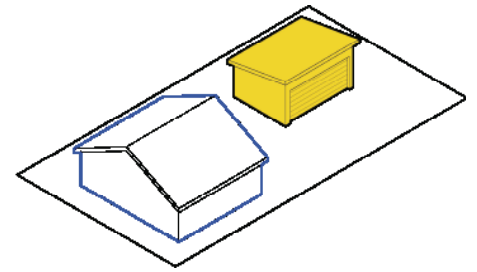
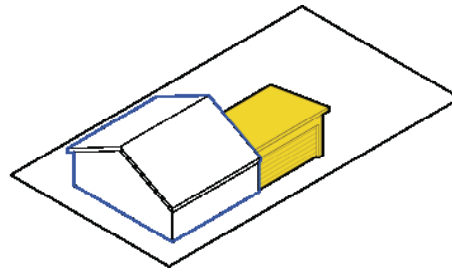
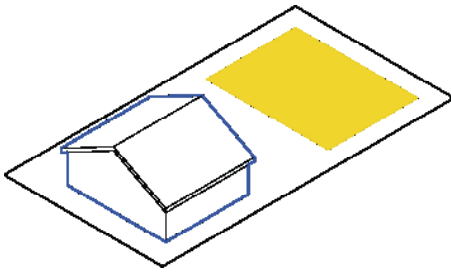




# WEST HOLLYWOOD ADU PILOT PROGRAM

GUIDEBOOK  
SUMMER 2022



**FOR MORE INFORMATION, PLEASE CONTACT:**

The City of West Hollywood Property Development Division

Alicen Bartle, *Project Development Administrator*

Email: [ADUPilot@weho.org](mailto:ADUPilot@weho.org)

Phone: (323) 848-6323

**VISIT WEBSITE:**

[www.weho.org/adupilot](http://www.weho.org/adupilot)

**Design With Skill** + CASITAS

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## PROGRAM OVERVIEW

### General Information

The City of West Hollywood ADU Pilot Program is a new affordable housing initiative that incentivizes property owners to create an affordable rental unit on their property. This program offers property owners "Comprehensive Assistance" for financing, designing, permitting, and constructing a new Accessory Dwelling Unit (ADU) in the City of West Hollywood. This program offers property owners financial assistance to build an ADU through new construction or garage conversion.

Through this program, an ADU Consultant will guide the property owners in choosing the architect, builders, planners, and contractors needed for the ADU design and construction. The ADU Consultant will assist the property owner at every stage from pre-design to permitting to bid preparation, and project oversight. The ADU Consultant will act as construction manager, and liaison between the general contractor and property owner.

It is recognized that expanding the stock of Accessory Dwelling Units (ADUs) can be an important tool in the City's strategy to address the shortage of affordable housing in West Hollywood. To encourage the provision of ADUs, the City has developed a program which provides low interest loans to property owners to assist the construction of new ADUs or the rehabilitation of existing ADUs.

### Incentives

Program participants will receive:

- Applicant will receive project management services, affordable design options, and construction services.
- An economical way to build an ADU on your property.
- Rental income source as long as you own the property.
- Help address California's affordable housing crisis by renting to a Section 8 voucher holder of your choice.
- Pride in helping a neighbor in need!

### Selection Categories

The City of West Hollywood ADU Pilot Program is seeking a diverse group of ADU project types. There will be a total of two (2) participants awarded a loan to design and construct an ADU on their property. The selected applicants will be evaluated and grouped into one of the categories listed below.

- CONVERSION- including converting an existing garage or other on-site structure
- NEW CONSTRUCTION- including ground-up or pre-fabricated, modular units
- MULTIFAMILY-including detached or attached; conversion or new construction

### Submission Instructions

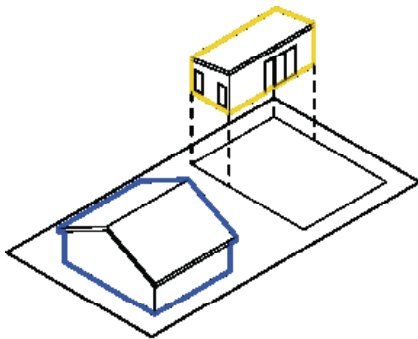
- Fill out application. Take a minimum of four photos of your property.
- Digitally submit the application form with property photos to the email: ADUPilot@weho.org
- All applications must be received by September 30, 2022 at 5pm PST.

### ADU INFORMATION

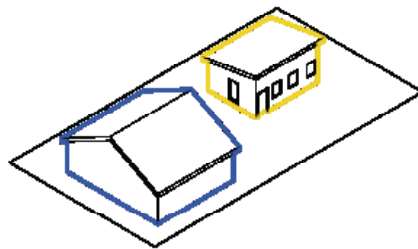
#### What is an ADU

An Accessory Dwelling Unit (ADU) is a self-contained residential unit that shares the same lot as the primary residential dwelling. An ADU generally includes a living room, sleeping area, kitchen and a bathroom. Newly constructed ADUs are classified as a new structure or by an addition to an existing structure either attached to or detached from the primary single-family residence located on the same lot. Converted ADUs are constructed through conversion of part of the existing floor area of a single-family residence or an existing accessory structure, such as a garage, pool house, or studio.

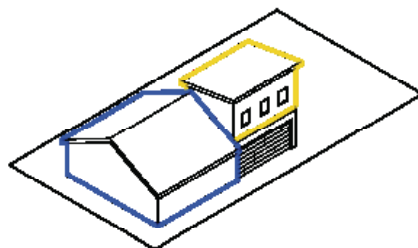
#### Types of ADU



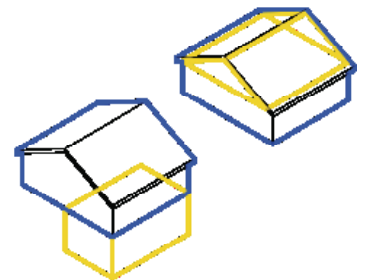
Modular Unit



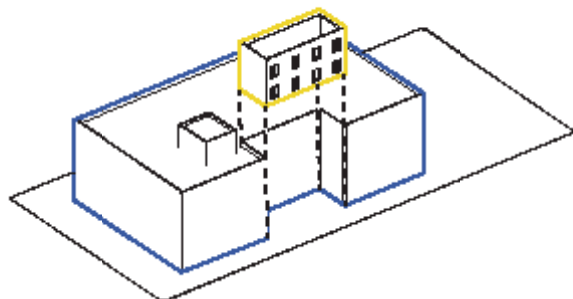
Attached Garage Conversion



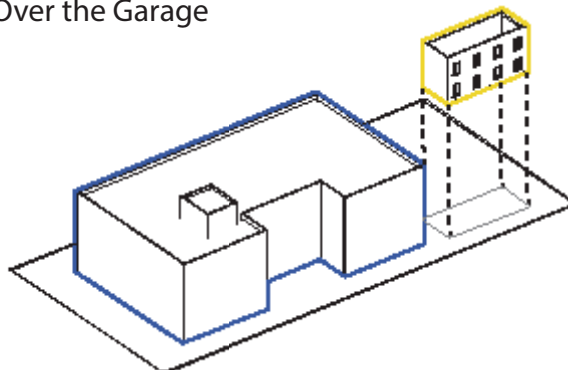
Over the Garage



Basement or Attic Conversion



Multifamily Unit Attached



Multifamily Unit Detached

## LOAN PROGRAM

### ELIGIBILITY

To participate in the the City of West Hollywood ADU Pilot Program the applicant must meet the following eligibility criteria:

- Single-family property must be owner occupied the past one (1) year as primary residence.
- Must rent ADU to a Section 8 voucher holder for a minimum seven (7) continuous years.

### GENERAL LOAN TERMS AND CONDITIONS

#### **New ADU Construction Loan (\$150,000 max.)**

- 3-Year loan with 1% simple interest.
- 3 years deferred payments, including principal and interest, with two 1-year extension options.
- Loan must be refinanced prior to the end of deferred payment period.
- Failure to refinance will result in 1% loan conversion fee of principal and interest.
- Loan will convert to 30-year conventional with compounding interest rate of 1% plus the prime rate at time of conversion.
- Must rent ADU unit to a Section 8 tenant for 7 continuous year term through an executed landlord agreement with the Lender (City).
- A request for notice will be recorded on property title until the 7-year commitment is met.
- The ADU will be deed restricted for a low-income tenant who rents for an amount that is affordable to households where the family's gross annual income is below 50% of the Area Median Income (AMI) in Los Angeles County.
- Tax adjustments or penalty implications may apply. Borrower is responsible and should contact their tax service professional or CPA. Should any additional grant funding be awarded the borrower shall receive and acknowledge form 1099-G of potential income tax consequences.
- Failure to meet the terms and conditions of the loan will result in repayment, in whole or in part, of all principal and interest.
- A penalty of \$25,000 to property owner for ADU unoccupied by a Section 8 tenant for more than 90 days.

### PROJECTED ESTIMATED COSTS\*

#### **Loan Total \$150,000 Maximim**

- Includes Pre-development Costs for ADU Site Analysis and Project Design
- Includes Development Costs for ADU Permitting and Construction
- Excludes any costs associated with renovations or upgrades to the existing main house/structures on the site.

#### **Typical Cost Distribution**

- Permit Fees - (5%-10%)
- A&E Design Fees- (10%-15%)
- Cost of Construction- (65%-80%)
- Insurance Cost- (5%-10%)

***\* Property Tax Reassessment not included in loan coverage. Property owner/Property owner is responsible for any additional or incurred taxes through the addition of an ADU.***

## PROGRAM WORKFLOW

### UNDERWRITING & PRE-DESIGN

#### STAGE 1 - Loan Package Preparation (Lender)

- Package checklist
- Summary page (name, amount, address)
- Uniform Residential Loan application
- Property owners identification
- Property owner's credit report along with credit score (dated within 90 days)
- Preliminary title report (Lender)
- Most recent mortgage statement
- Property insurance all-risk coverage
- Zillow Zestimate (screenshot [www.zillow.com](http://www.zillow.com); dated within 30 days)
- Loan Agreement
- Promissory Note
- Deed of Trust
- Original lender title insurance (Lender)
- Property owner's proof of income (Refer to the appendices for income requirements.)

#### STAGE 2 - Pre-Design (ADU Consultant)

- Provide consultation to Property owner
- Perform property inspection
- ADU program review
- Assist property owner in identifying other consultants (as needed)
- Assist property owner with schematic design, design development, construction documentation
- Assist property owner with ADU checklist & permit application submittal
- Scope of Work to be funded with loan (provide to Lender)
- Ensure contractor meets Lender requirements
  - Obtain contractor's proposal
  - Contractor's comprehensive liability insurance
  - Contractor's certificate of bonding
  - Verification of contractor's valid license from State License Board
  - Remodeling, Repair, and Painting (RRP) Lead Certificate
  - Execute AIA contract with Property owner

#### STAGE 3 - Approval (Lender)

- Property owner loan package submitted to Loan Review Committee for approval
- Initiate routing for City execution
- Issue Notice to Proceed

## PROGRAM WORKFLOW

### DESIGN & PRE-CONSTRUCTION PROCESS:

- Select Architect/Designer and Consultant Team (Structural, MEP, Civil/Surveyor)
- Work With Design Team to Develop the Design Project
- Submit Permit for Approval
- Bidding and Execution of Construction Contract

### CONSTRUCTION & POST CONSTRUCTION

- Begin Construction
- Construction Completion
- Maintain Property owner file
- Act as liaison between Property owner and Contractor
- Provide oversight of construction schedule
- Submit progress draw requests (w/lien) to Lender no more than monthly (signed by Contractor, Property owner, and Consultant)
- Final draw request and lien will be processed after Building Inspector sign off obtained
- Submit copy Certificate of Occupancy to Lender to begin Section 8 Landlord process

### TENANT SELECTION

- Property owner to meet with Housing Department to Become Section 8 Landlord
- Property owner will Review Section 8 Applications and Make a Selection
- The Economic Development Department will prepare and maintain all required paper work

### SCHEDULES + TIMELINE ESTIMATES:

- Application Phase: 3 Months
- Design Phase: 3-4 Months
- Permitting Phase: 6-8 Months
- Construction Phase: 8-12 Months
- Tenant Selection: 2 Months

### LOAN WITHDRAWAL AND VENDOR PAYMENT PROCESS:

- Vendor/Contractor registers as a business in the City.
- Vendor/Contractor issues a detailed invoice for work completed directly to the property owner and ADU consultant.
- ADU consultant reviews and approves/denies invoice for completed work.
- ADU consultant processes invoice and other City required paperwork directly with the City for the loan withdrawal request.
- City issues payment of approved invoices. Typically payment is received within two weeks.
- Loan withdrawal payment is sent directly to the vendor/contractor.

## PROGRAM PROCESS

### APPLICATION INTAKE AND EVALUATION PROCESS

- Program applications available online at the City of West Hollywood's website [weho.org/adupilot](http://weho.org/adupilot)
- 60-day application window
- Applicant's eligibility determined by submission of a completed application
- Eligible applications to be ranked according to the scoring and preferences listed below for each ADU category.
- Selected applicants will have 20 days to submit required loan documentation for Lender verification and preparation of loan package (refer to Underwriting section)
- Applicants unable to submit required documentation by the deadline may be deemed ineligible.
- Upon verification and approval of the loan package, the property owner will work with ADU consultant for pre-design, permitting, bidding, and construction.

### APPLICATION PREFERENCE

#### **1st Priority: Proposed ADU Location:**

- Is equipped for senior/ disabled access
- Size a maximum of 500 SF
- Utility access, including sewer connection, is 25' or less
- Income\* under \$158,000
- Residence is not located in historic district or listed in the California Register of Historic Resources
- Physical location of the planned ADU on the site

#### **2nd Priority:**

- NMA Area (per SCAG map)
- TPA Area (per SCAG map)
- Within 0.5 miles of Bike Lane Access (per SCAG map)
- Within 0.5 miles of Open Space (per SCAG map)

#### **3rd Priority:**

- Homeowner-occupied for previous three (3) years or more continuously

#### **Tie-breaker:**

- Lottery

*\*Refer to the appendices for income requirements.*



### IMPORTANT DATES\*

#### ADU INFORMATION SESSIONS

- Virtual Webinar: **JULY 27, 2022** from **12:30 PM-1:30 PM**
- In-Person Information Session: **JULY 27, 2022** from **6 PM-7 PM**

#### APPLICATION PROCESS

- Application Release date: **AUGUST 1, 2022**
- Application Due date: **SEPTEMBER 30, 2022** at **5 PM PST**

#### SELECTION PROCESS AND AWARD

- Application Award date: **NOVEMBER 1, 2022**
- Loan Documentation Due date: **NOVEMBER 20, 2022** at **5 PM PST**

#### PROGRAM KICK-OFF

- Virtual Meeting: **FEBRUARY 2023**

***\* All dates listed are subject to change at the discretion of the City.***

Date changes will be posted on the program website: [www.weho.org/adupilot](http://www.weho.org/adupilot)

## FREQUENTLY ASKED QUESTIONS

### ABOUT THE PROGRAM

- 1. Can I convert my detached garage to an ADU? What if it is currently a home office, pool house, or use other than a garage?**

A garage (or another legal structure) that has never been occupied for use as a dwelling unit qualifies for this program. A garage (or another legal structure) that is currently or has previously been occupied as another use, including an unpermitted dwelling unit, also qualifies for this program.

- 2. Will a fine be assessed to the property owner for revealing their property as an existing unpermitted ADU for participation in this program?**

Properties that have an existing and unpermitted ADU which is not in compliance with the West Hollywood Municipal Code may apply for the program. Please know that the intent of the program is not to refer unpermitted ADUs to the Code Enforcement Division unless there is a life safety threat on the property, such as illegal and unsafe wiring, lack of adequate fire escape, and the like, and such threats will be required to be corrected immediately.

- 3. Is there an option to participate in the program without taking the City's loan?**

Participation in this program is for property owners who need loan assistance to build an ADU. Services of the ADU consultant team comes with the loan assistance, and is not provided separately.

- 4. What is the maximum size an ADU can be?**

For participation in this program, the maximum ADU size is 750 square feet.

- 5. Does the loan only cover the construction portion of the project?**

No, the ADU financing is designed to cover the entire cost of the project. There should not be any out of pocket cost for the property owner as long as the project costs do not exceed the maximum loan limit. However, if the property owner/property owner elects to use additional personal funds for the development of the ADU, proof of funds will be required before start of construction.

## FREQUENTLY ASKED QUESTIONS

### APPLICATION EVALUATION

#### 6. How can I submit the application?

Only digital applications will be accepted for this program. The program application must be received electronically by the City no later than 5:00 p.m. September 30, 2022. Please send your application, along with the four requested photos, to ADUPilot@weho.org.

#### 7. What is the definition of a severely disabled person?

Persons are classified as having a severe disability if they: (a) used a wheelchair or had used another special aid for 6 months or longer; (b) were unable to perform one or more functional activities or needed assistance with an Activity of Daily Living or Instrumental Activity of Daily Living; (c) were prevented from working at a job or doing housework; or (d) had a condition including autism, cerebral palsy, Alzheimer's disease, senility, or mental retardation. Finally, persons who are under 65 years of age and who are covered by Medicare or receive SSI are considered to have a disability (and a severe disability).

#### 8. What age is considered a senior?

For this program, a senior is a person who is 65 years or older.

#### 9. How do I calculate my income?

Refer to the appendices for income requirements.

#### 10. How long will the application evaluation and loan approval process take?

Application evaluations are expected to be completed within sixty (60) days after the close of the application window period. Those selected to participate in the program will have 20 days to submit required loan package documentation. Approval from the City's loan review committee and City Council is expected within one month of completing the loan package.

## FREQUENTLY ASKED QUESTIONS

### DESIGN AND CONSTRUCTION

**11. How long will permitting review and approval take?**

When complete and fully compliant ADU plans are submitted to the Permit Center approval can take approximately 6-8 months. However, corrections are often needed for ADU plan submissions. This can extend approval times.

**12. Can an ADU be built that exceeds the loan amount if other funding is used?**

Yes, private funds can be used at the property owner discretion in combination with the loan funds. However, proof of funds will be required before start of construction.

**13. Do residential impact fees apply to ADUs?**

Yes, however ADUs under 750 square feet are exempt from impact fees.

**14. Can I build my ADU to any design aesthetic I want?**

Yes, as long as it can be approved by the Planning Department.

**15. Does the ADU Consultant or general contractor enter into a contract with the property owner?**

The ADU consultant is contracted with the City to provide guidance and act as a project manager over the ADU construction. The property owner will enter into a contract with the general contractor and other consultants to perform work needed to complete the ADU project.

**16. Does the Planning Dept. have design templates available to reduce the overall ADU project cost?**

Currently the Planning Department does not have any ADU design templates available. This may be an option in the future.

**17. Can I pick my own contractor after my loan is approved?**

The property owner may select their own contractor however, the contractors must meet the City's requirements. The ADU consultant will ensure this is the case.

**18. Are prefabricated or modular ADUs allowed?**

Modular and prefabricated ADUs are allowed under the new ADU construction option. If a property owner is selected to participate in the program, and is interested in considering building a modular unit, the ADU consultant team can help determine if the property is a good candidate for modular construction and will make sure the property owner has the appropriate site conditions and lot space for the size unit desired.

## FREQUENTLY ASKED QUESTIONS

### POST CONSTRUCTION

#### **19. How does the process for tenant selection work?**

The property owner will meet with City staff to become a Section 8 landlord. The property owner may rent the unit to any person they choose who has a Section 8 voucher.

#### **20. What happens if I choose to sell the house before the required 7 years of renting to a Section 8 voucher holder?**

During escrow, the City will notify the buyer of the requirement to continue renting the ADU to a Section 8 voucher holder for the remaining time required.

#### **21. Will there be landlord training and support?**

The City provides orientations for all new Section 8 landlords, and has program staff available for training. Additionally, you may access training and other FAQ on the City's website at <https://www.weho.org/city-government/rent-stabilization/rental-housing/building-blocks>. Landlord/tenant information sessions are also offered on a regular basis by the Housing Rights Center. Move information can be found at <https://www.housingrightscenter.org/landlord-tenant-counseling>.

#### **22. Is there any prepayment penalty for the loans?**

There is no prepayment penalties on the loans. The City prefers that you pay the loan back as soon as possible.

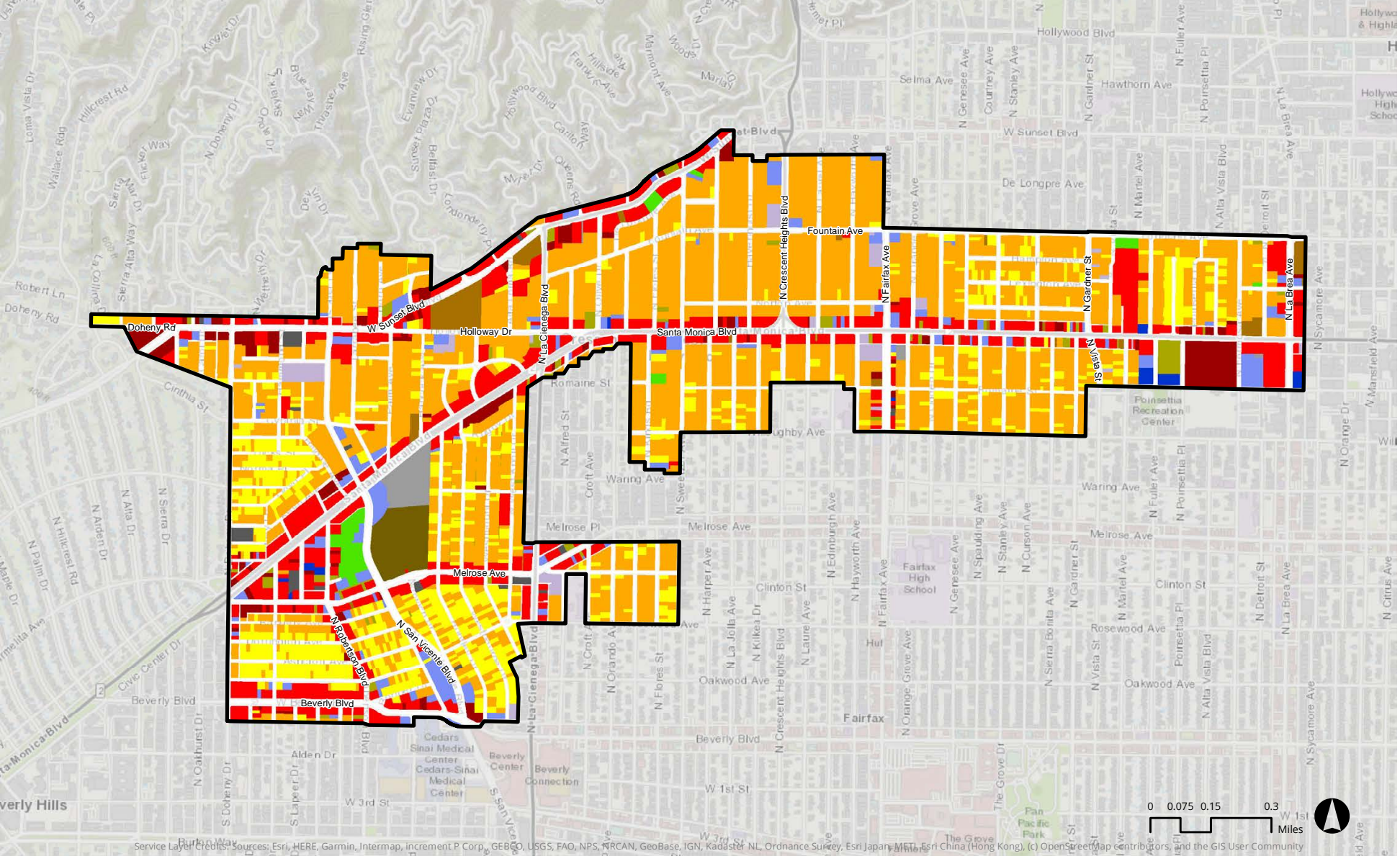
### APPENDICES

- ROLES/RESPONSIBILITY MATRIX
- MAPS LISTED UNDER APPLICATION PREFERENCE SECTION
- TAX FORM 1099-G
- INCOME REQUIREMENTS AND CALCULATION

**ROLES/ RESPONSIBILITY MATRIX**

ROLE	LOAN UNDERWRITING (4 - 6 weeks)	DESIGN (3 - 4 months)	PERMITTING PHASE (6 - 8 months)	CONSTRUCTION PHASE (8 - 12 months)			
				BID PREPARATION	CONTRACT AWARD	CONSTRUCTION	POST CONSTRUCTION
<b>Lender (City of West Hollywood)</b>	Request supporting documentation from Loan Borrower to prepare loan package for approval	<ul style="list-style-type: none"> <li>Submit Loan Borrower loan package to Loan Review Committee for approval</li> <li>Execute loan package with the City</li> <li>Issue Notice to Proceed</li> </ul>				<ul style="list-style-type: none"> <li>Review and submit payment request</li> </ul>	<ul style="list-style-type: none"> <li>Receive Certificate of Occupancy copy and close out client file</li> </ul>
<b>Loan Borrower (Property Owner)</b>	Work with Lender to prepare loan package for approval		Complete ADU submittal checklist and permit submission	Identify General Contractor to perform construction	Execute contract with General Contractor	Sign progress draw requests	<ul style="list-style-type: none"> <li>Complete Section 8 landlord agreement (if applicable)</li> <li>Submit Certificate of Occupancy copy to ADU Consultant</li> </ul>
<b>ADU Consultant</b>		<ul style="list-style-type: none"> <li>Provide consultation to Loan Borrower</li> <li>Perform property inspection</li> <li>Submit scope of work to Lender</li> <li>Assist with finding consultants for Loan Borrower</li> <li>Assist Client/Loan Borrower with concept, schematic design, construction drawings</li> </ul>	<ul style="list-style-type: none"> <li>Assist with ADU submittal checklist and permit submission</li> </ul>	<ul style="list-style-type: none"> <li>Prepare bid package for Loan Borrower</li> <li>Assist with solicitation</li> <li>Evaluate received construction bids</li> <li>Assist with General Contractor selection</li> </ul>	<ul style="list-style-type: none"> <li>Ensure General Contractor meets Lender's requirements</li> </ul>	<ul style="list-style-type: none"> <li>Provide project oversight as client representative</li> <li>Monitor Implementation Schedule</li> <li>Act as liaison between General Contractor and Client/Loan Borrower</li> <li>Submit progress draw request (along with lien release and supporting documentation) to City for payment</li> </ul>	<ul style="list-style-type: none"> <li>Submit Certificate of Occupancy copy to Lender</li> <li>Record Notice of Completion and submit Loan Borrower file to Lender</li> </ul>
<b>General Contractor (Prime)</b>				<ul style="list-style-type: none"> <li>Review bid package</li> <li>Submit construction bid</li> </ul>	Execute contract with Loan Borrower	Submit progress draw requests to Loan Borrower	





## 2019 Existing Land Use in City of West Hollywood (SCAG Land Use Codes)

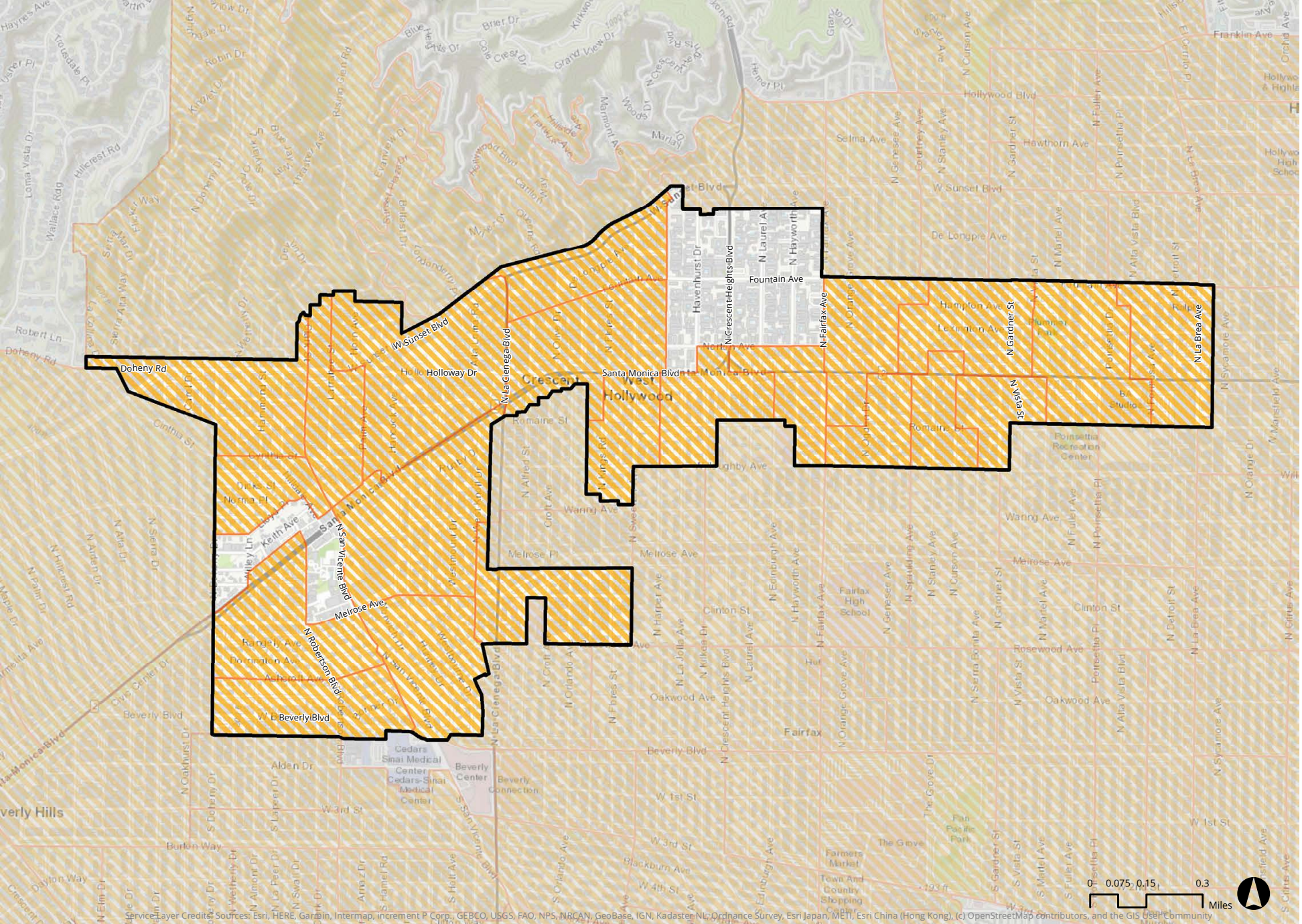
- |                                |   |                           |         |
|--------------------------------|---|---------------------------|---------|
| Single Family Residential      | Facilities                                    | Open Space and Recreation | Unknown |
| Multi-Family Residential       | Education                                     | Agriculture               |         |
| Mobile Homes and Trailer Parks | Military Installations                        | Vacant                    |         |
| Mixed Residential              | Industrial                                    | Water                     |         |
| Rural Residential              | Transportation, Communications, and Utilities | Specific Plan             |         |
| General Office                 | Mixed Commercial and Industrial               | Under Construction        |         |
| Commercial and Services        | Mixed Residential and Commercial              | Undevelopable             |         |

Data Source: City of West Hollywood, SCAG | Data Updated: 2021 | Map Created: 1/27/2022

Disclaimer: This map was created as a part of SCAG Data/Map Books to solicit feedback from local jurisdictions during Connect SoCal 2024 Local Data Exchange (LDX) process. SCAG shall not be responsible for user's misuse or misrepresentation of this map. For the details regarding the data sources, methodologies and contents of this map, please refer to the SCAG Data/Map Book or contact LIST@scag.ca.gov. Please note that existing land use data shown in the map represents an approximation of local conditions as of 2019. For authoritative data on these subjects, please contact the respective local jurisdiction directly.







## Neighborhood Mobility Areas (NMAs) in City of West Hollywood

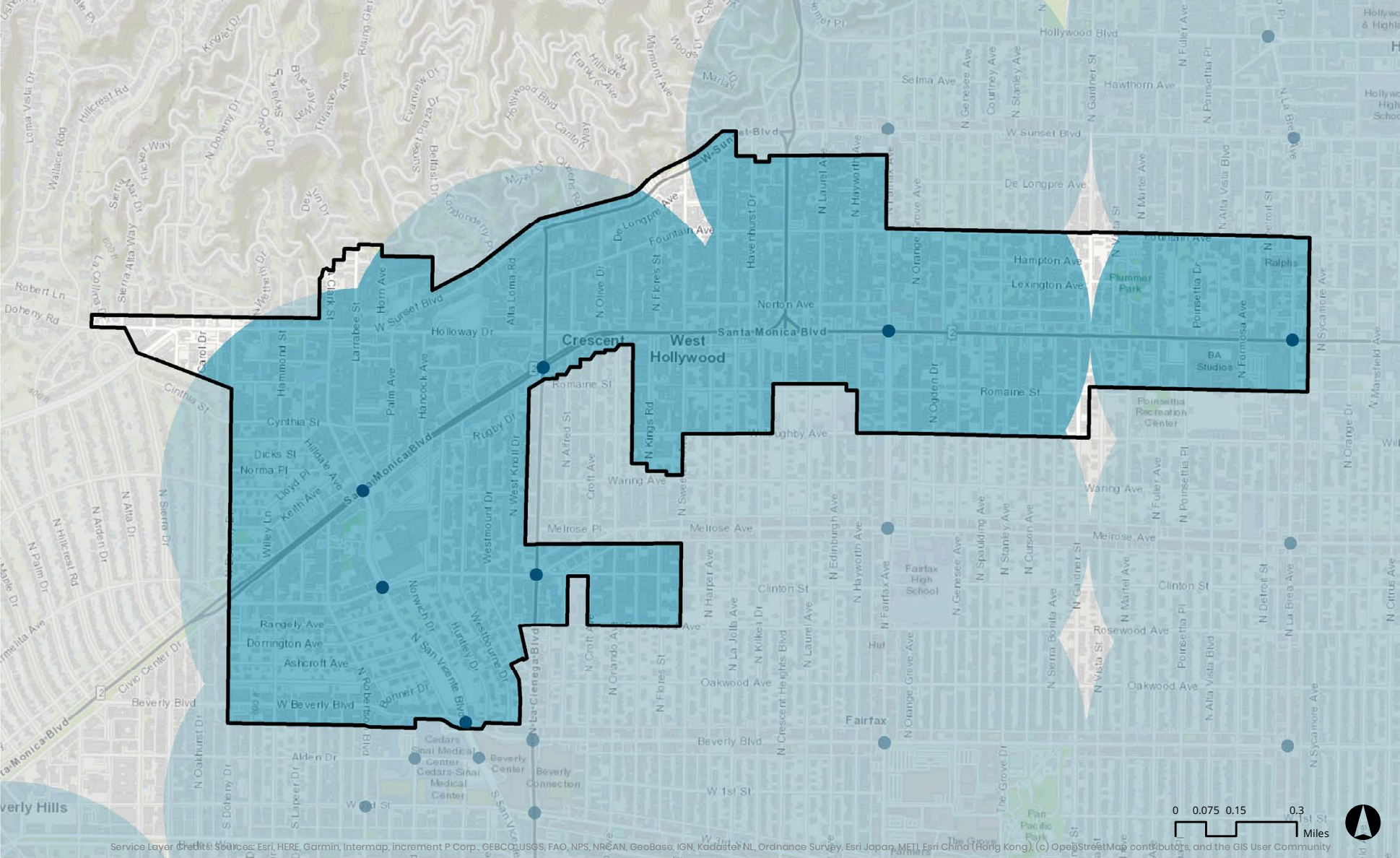
- City Boundary
- Neighborhood Mobility Areas (NMAs)

Data Source: SCAG | Data Updated: 2021 | Map Created: 2/16/2022

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## Transit Priority Areas and Major Transit Stops in City of West Hollywood [Connect SoCal 2020 Plan Year 2045]

- Major Transit Stops
- Transit Priority Areas (Areas within One-Half Mile from Major Transit Stops)

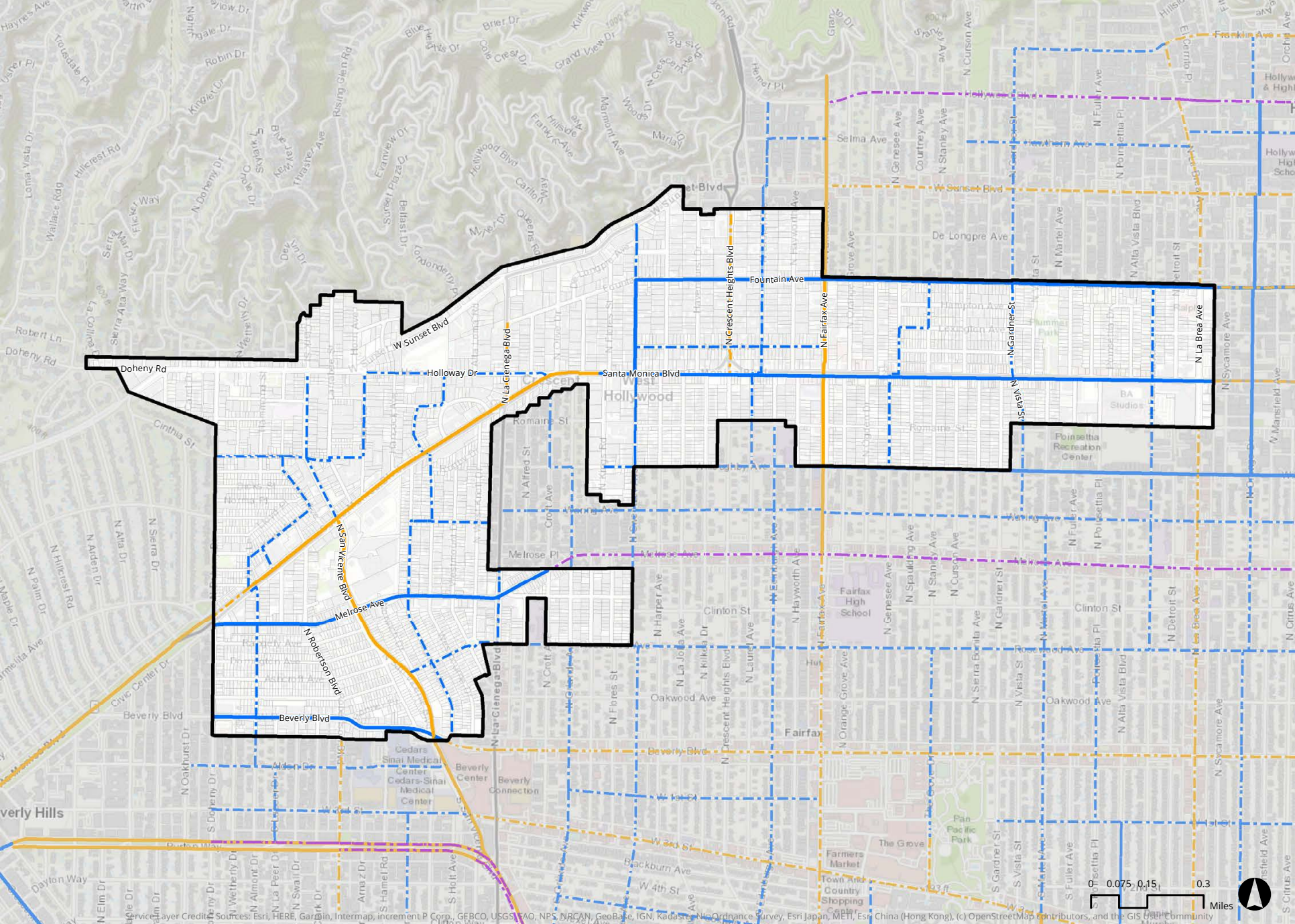
Note: Transit Priority Areas and major transit stops in this Data/Map Book are based on the 2045 plan year transit network of Connect SoCal 2020. Further explanation of the methodology for identifying major transit stops is included in the Connect SoCal 2020 Transit Technical Report Appendix. This map may undergo changes as SCAG continues to update its transportation network as part of the Connect SoCal 2024, and updates to this information will be forthcoming as information becomes available. SCAG assumes no responsibility arising from use of this information by individuals, businesses, or other public entities. Users should consult with the appropriate transit provider(s) to obtain the latest information on transit routes, stops and service intervals before making determinations regarding CEQA exemption or streamlining.

Data Source: County Transportation Commissions, SCAG | Data Version: Connect SoCal 2020 Plan Year 2045 | Map Created: 1/21/2022

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# Bikeways in City of West Hollywood (Existing and Proposed/Planned)

## Existing Bikeways

- Class I
- Class II
- Class III
- Class IV

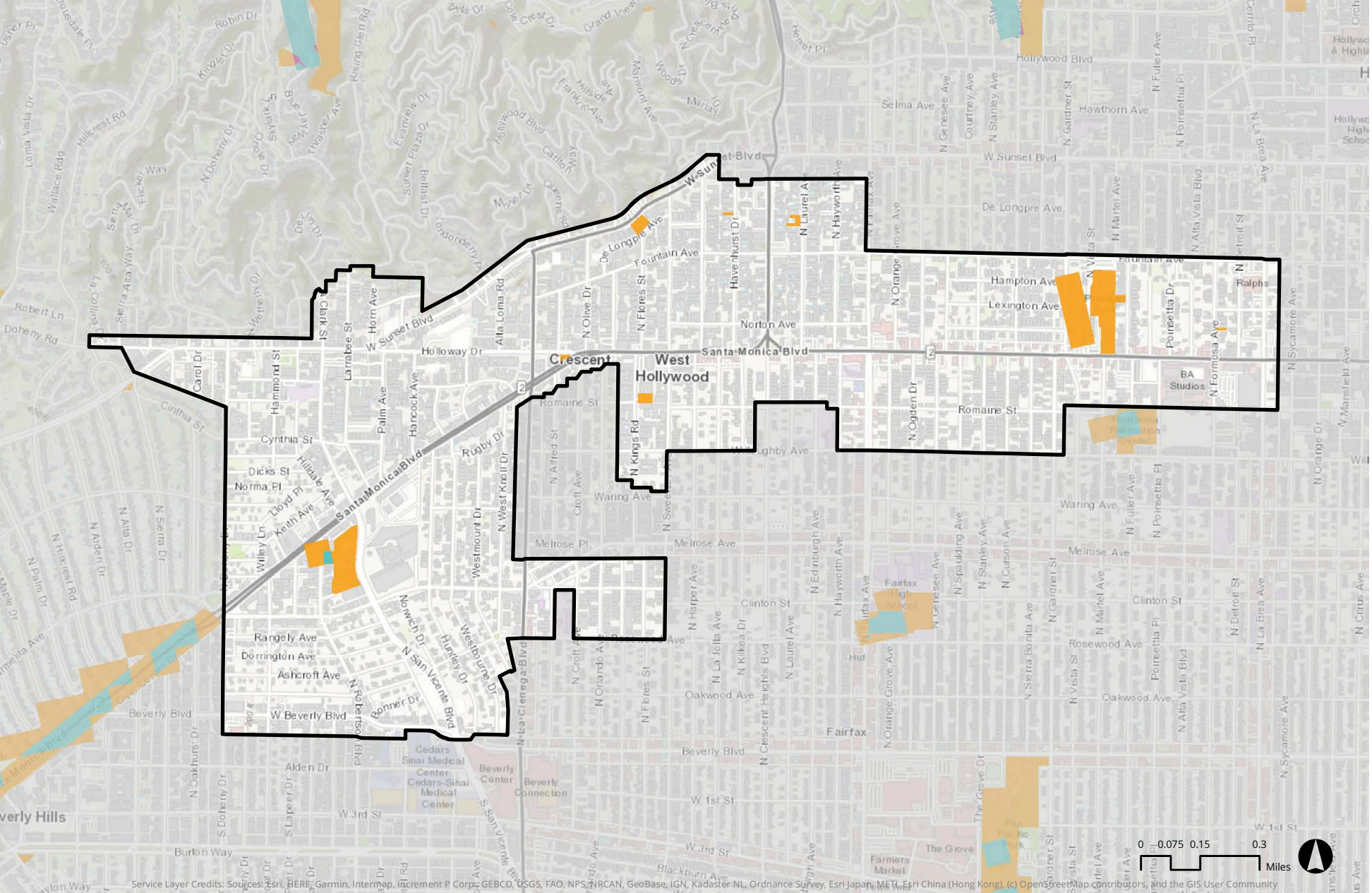
## Proposed/Planned Bikeways

- Class I
- Class II
- Class III
- Class IV

Data Source: County Transportation Commissions, City of West Hollywood, SCAG | Data Updated: 2021 | Map Created: 1/19/2022

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# Open Space/Habitat Multi-Benefit Assets in City of West Hollywood

## Open Space/Habitat Asset Value



Data Source: Save Our Agricultural Resources (SOAR), 2017, County of Ventura; California Conservation Easement Database (CCED), 2021, Multiple sources; California Protected Areas Database (CPAD), 2021, Multiple sources; National Wetlands Inventory, 2020, US Fish and Wildlife Services; South Coast Missing Linkages (SCML) Wildlife Corridors, 2018, Conservation Biology Institute; 2015 Areas of Conservation Emphasis (ACEIIV2), 2015, CA Department of Fish and Wildlife; Conservation Plan Boundaries, Habitat Conservation Plans (HCPs) and Natural Community Conservation Plans (NCCPs), 2021, CA Department of Fish and Wildlife; and California Natural Diversity Database (CNDDB), 2017, CA Department of Fish and Wildlife  
 Data Updated: 2021 | Map Created: 2/9/2022

Disclaimer: This map was created as a part of SCAG Data/Map Books to solicit feedback from local jurisdictions during Connect SoCal 2024 Local Data Exchange (LDX) process. SCAG shall not be responsible for user's misuse or misrepresentation of this map. For the details regarding the data sources, methodologies and contents of this map, please refer to the SCAG Data/Map Book or contact LIST@scag.ca.gov.





## Attention:

Copy A of this form is provided for informational purposes only. Copy A appears in red, similar to the official IRS form. The official printed version of Copy A of this IRS form is scannable, but the online version of it, printed from this website, is not. Do **not** print and file copy A downloaded from this website; a penalty may be imposed for filing with the IRS information return forms that can't be scanned. See part O in the current General Instructions for Certain Information Returns, available at [www.irs.gov/form1099](http://www.irs.gov/form1099), for more information about penalties.

Please note that Copy B and other copies of this form, which appear in black, may be downloaded and printed and used to satisfy the requirement to provide the information to the recipient.

To order official IRS information returns, which include a scannable Copy A for filing with the IRS and all other applicable copies of the form, visit [www.IRS.gov/orderforms](http://www.IRS.gov/orderforms). Click on [Employer and Information Returns](#), and we'll mail you the forms you request and their instructions, as well as any publications you may order.

Information returns may also be filed electronically using the IRS Filing Information Returns Electronically (FIRE) system (visit [www.IRS.gov/FIRE](http://www.IRS.gov/FIRE)) or the IRS Affordable Care Act Information Returns (AIR) program (visit [www.IRS.gov/AIR](http://www.IRS.gov/AIR)).

See IRS Publications 1141, 1167, and 1179 for more information about printing these tax forms.

8888

 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120	
		\$		Form <b>1099-G</b>	
		2 State or local income tax refunds, credits, or offsets		(Rev. January 2022)	
		\$		For calendar year 20 ____	
PAYER'S TIN	RECIPIENT'S TIN	3 Box 2 amount is for tax year		4 Federal income tax withheld	
RECIPIENT'S name		5 RTAA payments		6 Taxable grants	
Street address (including apt. no.)		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		7 Agriculture payments		8 Check if box 2 is trade or business income <input type="checkbox"/>	
Account number (see instructions)		9 Market gain			
2nd TIN not. <input type="checkbox"/>		\$			
		10a State		10b State identification no.	
		\$		\$	
				11 State income tax withheld	
				\$	

**Certain  
Government  
Payments**

**Copy A**  
**For**  
**Internal Revenue**  
**Service Center**  
**File with Form 1096.**  
For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
**current General**  
**Instructions for**  
**Certain Information**  
**Returns.**

Form **1099-G** (Rev. 1-2022)

Cat. No. 14438M

[www.irs.gov/Form1099G](http://www.irs.gov/Form1099G)

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page – Do Not Cut or Separate Forms on This Page**

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**Certain  
Government  
Payments**

**Copy 1  
For State Tax  
Department**

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120	
		\$		Form <b>1099-G</b>	
		2 State or local income tax refunds, credits, or offsets		(Rev. January 2022)	
		\$		For calendar year 20 ____	
PAYER'S TIN	RECIPIENT'S TIN	3 Box 2 amount is for tax year		4 Federal income tax withheld	
				\$	
RECIPIENT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		5 RTAA payments		6 Taxable grants	
		\$		\$	
		7 Agriculture payments		8 Check if box 2 is trade or business income <input type="checkbox"/>	
		\$			
		9 Market gain			
		\$			
Account number (see instructions)		10a State	10b State identification no.	11 State income tax withheld	
				\$	
				\$	

CORRECTED (if checked)

**Certain  
Government  
Payments**

**Copy B  
For Recipient**

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120	
		\$		Form <b>1099-G</b>	
		2 State or local income tax refunds, credits, or offsets		(Rev. January 2022)	
		\$		For calendar year 20 ____	
PAYER'S TIN	RECIPIENT'S TIN	3 Box 2 amount is for tax year		4 Federal income tax withheld	
				\$	
RECIPIENT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		5 RTAA payments		6 Taxable grants	
		\$		\$	
		7 Agriculture payments		8 If checked, box 2 is trade or business income <input type="checkbox"/>	
		\$			
		9 Market gain			
		\$			
Account number (see instructions)		10a State	10b State identification no.	11 State income tax withheld	
				\$	
				\$	



## Instructions for Recipient

**Recipient's taxpayer identification number (TIN).** For your protection, this form may show only the last four digits of your TIN (SSN, ITIN, ATIN, or EIN). However, the issuer has reported your complete TIN to the IRS.

**Account number.** May show an account or other unique number the payer has assigned to distinguish your account.

**Caution: Identity Theft (IDT).** If you suspect that you are a victim of IDT, do **not** report the incorrect amount shown in box 1 of Form(s) 1099-G on your tax return. Go to [www.irs.gov/idtheftunemployment](http://www.irs.gov/idtheftunemployment) for more information.

**Box 1.** Shows the total unemployment compensation (UC) paid to you in the calendar year reported. Combine the box 1 amounts from all Forms 1099-G and report the total as income on the UC line of your tax return. Except as explained below, this is your taxable amount. If you made contributions to a governmental UC program or to a governmental paid family leave program and received a payment from that program, the payer must issue a separate Form 1099-G to report this amount to you. If you itemize deductions, you may deduct your contributions on Schedule A (Form 1040) as taxes paid. If you do not itemize, only include in income the amount that is in excess of your contributions.

**Box 2.** Shows refunds, credits, or offsets of state or local income tax you received. It may be taxable to you if you deducted the state or local income tax paid on Schedule A (Form 1040). Even if you did not receive the amount shown, for example, because (a) it was credited to your state or local estimated tax, (b) it was offset against federal or state debts, (c) it was offset against other offsets, or (d) you made a charitable contribution from your refund, it is still taxable if it was deducted. If you received interest on this amount, you may receive Form 1099-INT for the interest. However, the payer may include interest of less than \$600 in the blank box next to box 9 on Form 1099-G. Regardless of whether the interest is reported to you, report it as interest income on your tax return. See your tax return instructions.

**Box 3.** Identifies the tax year for which the box 2 refunds, credits, or offsets shown were made.

**Box 4.** Shows backup withholding or withholding you requested on unemployment compensation, Commodity Credit Corporation (CCC) loans, or certain crop disaster payments. Generally, a payer must backup withhold on certain payments if you did not give your TIN to the payer. See Form W-9 for information on backup withholding. Include this amount on your income tax return as tax withheld.

**Box 5.** Shows reemployment trade adjustment assistance (RTAA) payments you received. Include on the "Other income" line of Schedule 1 (Form 1040).

**Box 6.** Shows taxable grants you received from a federal, state, or local government.

**Box 7.** Shows your taxable Department of Agriculture payments. If the payer shown is anyone other than the Department of Agriculture, it means the payer has received a payment, as a nominee, that is taxable to you. This may represent the entire agricultural subsidy payment received on your behalf by the nominee, or it may be your pro rata share of the original payment. See Pub. 225 and the Schedule F (Form 1040) instructions for information about where to report this income. Partnerships, see Form 8825 for how to report.

**Box 8.** If this box is checked, the amount in box 2 is attributable to an income tax that applies exclusively to income from a trade or business and is not a tax of general application. If taxable, report the amount in box 2 on Schedule C or F (Form 1040), as appropriate.

**Box 9.** Shows market gain on CCC loans whether repaid using cash or CCC certificates. See the Schedule F (Form 1040) instructions.

**Boxes 10a–11.** State income tax withheld reporting boxes.

**Future developments.** For the latest information about developments related to Form 1099-G and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/Form1099G](http://www.irs.gov/Form1099G).

**Free File Program.** Go to [www.irs.gov/FreeFile](http://www.irs.gov/FreeFile) to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

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**Certain  
Government  
Payments**

**Copy 2**

**To be filed with  
recipient's state  
income tax  
return, when  
required.**

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120	
		\$		Form <b>1099-G</b>	
		2 State or local income tax refunds, credits, or offsets		(Rev. January 2022)	
		\$		For calendar year 20 ____	
PAYER'S TIN	RECIPIENT'S TIN	3 Box 2 amount is for tax year		4 Federal income tax withheld	
				\$	
RECIPIENT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		5 RTAA payments		6 Taxable grants	
		\$		\$	
		7 Agriculture payments		8 Check if box 2 is trade or business income <input type="checkbox"/>	
		\$			
		9 Market gain			
		\$			
Account number (see instructions)		10a State	10b State identification no.	11 State income tax withheld	
				\$	
				\$	

VOID  CORRECTED

**Certain  
Government  
Payments**

**Copy C  
For Payer**

For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
**current General  
Instructions for  
Certain Information  
Returns.**

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation		OMB No. 1545-0120	
		\$		Form <b>1099-G</b>	
		2 State or local income tax refunds, credits, or offsets		(Rev. January 2022)	
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PAYER'S TIN	RECIPIENT'S TIN	3 Box 2 amount is for tax year		4 Federal income tax withheld	
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		\$		\$	
		7 Agriculture payments		8 Check if box 2 is trade or business income <input type="checkbox"/>	
		\$			
		9 Market gain			
		\$			
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>	10a State	10b State identification no.	11 State income tax withheld
					\$
					\$

## Instructions for Payer

To complete Form 1099-G, use:

- The current General Instructions for Certain Information Returns, and
- The current Instructions for Form 1099-G.

To order these instructions and additional forms, go to [www.irs.gov/EmployerForms](http://www.irs.gov/EmployerForms).

**Caution:** Because paper forms are scanned during processing, you cannot file certain Forms 1096, 1097, 1098, 1099, 3921, or 5498 that you print from the IRS website.

**Filing and furnishing.** For filing and furnishing instructions, including due dates, and to request filing or furnishing extensions, see the current General Instructions for Certain Information Returns.

**Need help?** If you have questions about reporting on Form 1099-G, call the information reporting customer service site toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

## **INCOME REQUIREMENTS AND CALCULATIONS**

Eligibility for this program is determined on the basis of the applicant's verified annual income and the additional criteria of the program as listed below.

Income eligibility is verified as defined in U.S. Department of Housing and Urban Development (HUD) Regulation 24 CFR (Code of Federal Regulations) Part 5. A list of the Part 5 income "inclusions" and "exclusions" is published in the Code of Federal Regulations at 24 CFR 5.609. This list is periodically updated by HUD when changes are made to the Part 5 definition of annual income by the United States Congress. The latest available list is in Appendix B.

In accordance with the HUD regulations, when determining whether an individual is income eligible, the participating jurisdiction must use one of the following three definitions of annual income:

- (1) Annual income as defined by 24 CFR 5.609 with income inclusions and exclusions (see Appendix B); or
- (2) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:
  - a. Wages, salaries, tips, commissions, etc.;
  - b. Self-employment income from owned non-farm business, including proprietorships and partnerships;
  - c. Farm self-employment income;
  - d. Interest, dividends, net rental income, or income from estates or trusts;
  - e. Social security or railroad retirement;
    - f. Supplement Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
    - g. Retirement, survivor, or disability pensions; and
    - h. Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or
- (3) Use HUD Part 5 – 1 B although the definitions used in this handbook.

*Total tenant payment.* See §5.628.

*Utility allowance.* If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

*Utility reimbursement.* The amount, if any, by which the utility allowance for a unit, if applicable, exceeds the total tenant payment for the family occupying the unit. (This definition is not used in the Section 8 voucher program, or for a public housing family that is paying a flat rent.)

*Very low income family.* A family whose annual income does not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50 percent of the median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes.

*Welfare assistance.* Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments (including assistance provided under the Temporary Assistance for Needy Families (TANF) program, as that term is defined under the implementing regulations issued by the Department of Health and Human Services at 45 CFR 260.31).

*Work activities.* See definition at section 407(d) of the Social Security Act (42 U.S.C. 607(d)).

[61 FR 54498, Oct. 18, 1996, as amended at 65 FR 16716, Mar. 29, 2000; 65 FR 55161, Sept. 12, 2000; 66 FR 6223, Jan. 19, 2001; 67 FR 47432, July 18, 2002; 81 FR 12370, Mar. 8, 2016]

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## FAMILY INCOME

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### §5.609 Annual income.

(a) *Annual income* means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
  - (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
  - (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);

(6) *Welfare assistance payments.* (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:

(A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and

(B) Are not otherwise excluded under paragraph (c) of this section.

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

(A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition and any other required fees and charges, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, "financial assistance" does not include loan proceeds for the purpose of determining income.

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in §5.403;

(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8)(i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts, or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the FEDERAL REGISTER and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

(d) *Annualization of income.* If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the PHA believes that past income is the best available indicator of expected future income, the PHA may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

[61 FR 54498, Oct. 18, 1996, as amended at 65 FR 16716, Mar. 29, 2000; 67 FR 47432, July 18, 2002; 70 FR 77743, Dec. 30, 2005; 79 FR 36164, June 25, 2014; 81 FR 12370, Mar. 8, 2016]

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## §5.611 Adjusted income.

Adjusted income means annual income (as determined by the responsible entity, defined in §5.100 and §5.603) of the members of the family residing or intending to reside in the dwelling unit, after making the following deductions:

(a) *Mandatory deductions.* In determining adjusted income, the responsible entity must deduct the following amounts from annual income:

(1) \$480 for each dependent;

(2) \$400 for any elderly family or disabled family;