The Long Beach COMMUNITY INVESTMENT Company 333 W. Ocean Blvd., 3rd Floor • Long Beach, CA 90802 • 562.570.6949 • lbcic.org

MEMORANDUM

DATE: April 15, 2015

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Amy J. Bodek, President

SUBJECT: **CalHome Single Family Rehabilitation Loan – 5501 Cerritos Ave. (CD 8)**

RECOMMENDATION:

Approve a CalHome loan in the amount of $57,000 to JoAnn Jones-Demic for the rehabilitation of the property at 5501 Cerritos Ave., and authorize the President to approve change orders within the approved budget.

DISCUSSION

The CalHome Owner-Occupied Rehabilitation Loan Program (CalHome Program) is designed to provide financial assistance to very low and low-income homeowners to make property improvements. The loans must be used first and foremost to correct all building code, health and safety, and property maintenance deficiencies. Other improvements may also be included if funds are available. The maximum assistance per household is $57,000. The term of the loan is 30 years at 0% interest and payments are deferred for the term of the loan. Loans are due upon sale or transfer of the property, when the property ceases to be owner-occupied, or upon the loan maturity date.

DESCRIPTION OF PROPERTY

The property at 5501 Cerritos Ave. is a 1,169 square foot single-family home on a 4,755 square foot lot. The home includes 2 bedrooms and 1 bathroom, and is in fair condition. A site map and photographs of the property are attached (Attachment A).

DESCRIPTION OF PROPOSED REHABILITATION

Comprehensive Housing Services (CHS) inspected the property and prepared a work write-up. The borrower received a contractor bid in the amount of $53,800 from Dellergo Construction (Attachment B). The proposed rehabilitation includes the following:

- Replace electrical receptacles in bathroom, kitchen and exterior locations with GFCI receptacles.
- Provide and install new smoke alarms in bedrooms and hallway.
- Remove and dispose of all roofing down to sheathing. Install new 30 year dimensional, Class A fire rated composition shingle roof to current U.B.C code.
- Remove floor/ wall registers and wall furnace from non-functioning heating system. Provide and install a new ductless heating system.
- Remove and dispose of the existing garage door. Provide and install new metal roll up door.
- Remove and replace broken window in garage with retrofit, dual pane, low E, window.
- Remove existing and replace sink and faucet in the laundry area.
- Remove existing dilapidated sliding patio screens on the east side of the house. Replace with new screens, tracks and doors.
- Provide and install new R-30 batt insulation in the attic.
- Front porch guard railing to be repaired, primed and painted.
- Remove existing and install new 30-gallon water heater.
- Reface all wall and base cabinets in the kitchen. Provide and install new doors and drawer fronts, hinges and knobs.
- Remove existing and replace with new countertop, sink, faucet and garbage disposal in the kitchen.
- New porcelain bathtub with ceramic tub surround.
- New vanity cabinet with sink and faucet.
- Install new medicine cabinet and glass bi-pass doors at tub enclosure.
- Install new toilet.
- Remove and replace old cracked tile floor with new ceramic tile.
- Prime and paint bathroom.

A contingency of $2,801 is available for any required change orders, which must be approved by the President.

PROPERTY INDEBTEDNESS

The qualified low-income applicant, currently owns the property and carries existing mortgage debt in the amount of $248,720. The total debt including the $57,000 CalHome loan is $305,720. The after-rehabilitation value is estimated at $357,000 and the resulting debt to value is 86%, which is below the 105% allowed by the CalHome Program. A comparable sales analysis indicating the property value is attached (Attachment C).

This proposal supports the implementation of the City's Certified Housing Element Program 3.1 (Home Rehabilitation Owner-Occupied), and is therefore supported by staff.

SUGGESTED ACTION:

Approve Recommendation.

AJB:PU:tc

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Attachments:

A. Site Map and Photograph
B. Work Write-Up
C. Comparable Sales Analysis

Long Beach Housing Development Company

333 W Ocean Blvd. 3rd Floor - Long Beach, CA 90802
(562) 570-6040 - (562)-570-6215 Fax

WORK SPECIFICATION- CONTRACTOR BID PROPOSAL

Property Owner: Jo Ann Jones-Demic
Address of Property: 5501 Cerritos Avenue
Zip Code: Long Beach, CA 90805
Owner's Phone Number: 562-857-6181
Year Built:
Contractor: Dellergo Construction
Address: 244 Redondo Ave.
Long Beach, CA 90803
Telephone:

Inspection Date: 4/7/2014
Inspected by: Bob Levin
Charge Point:
Loan Officer
State Contractor License Number: 882785
Expiration Date: 8/2016
Tax ID # or Social Security #:
Ethnicity: H

The undersigned Contractor hereby submits a lump sum bid in the amount of:

$ 53,800.

Acceptance of attached Work Specification and Bid Proposal

Owner — Date

Owner — Date

3/31/15

Contractor — Date

Reviewed and Approved — Date

All work to be performed shall be in conformance with Long Beach City Codes and Ordinances. Contractor is responsible for property line designation, properly designed plans, securing building permits, certifications and paying fees, if applicable. Contractor shall verify all dimensions on the job site. Owner shall select colors and patterns of materials where applicable. All lead inspection and controls to be preformed by State certified company or individual and it is the responsibility of the contractor to provide all documentation to satisfy this requirement from initial inspection through clearance.

* NOTE: The unit # 19 is not in compliance with building code and health and safety codes not meeting minimum size requirements for studio apt. The kitchen does not have the required 30 inches of clear working space in front of each appliance and sink and the total size of the unit is less than the required 220 Sq ft. Also the hallway is 22 inches in width not complying with the required 30 inch minimum width. Residential use of this unit must be discontinued or bring it into compliance with current code.

THE SCOPE OF WORK LISTED BELOW SHALL APPLY TO ALL 10 UNITS IN THE REAR BUILDING PROVIDED UNIT #19 IS BROUGHT INTO COMPLIANCE. NUMBERS 9, 10, 11, 12, 14, 15, 16, 17, 18, AND SHALL ALSO INCLUDE # 19 IF IT IS BROUGHT INTO COMPLIANCE. THE NUMBER 13 IS NOT USED.

Work categorized in priority as:

Priority Code A – Enforced/Mandatory
Priority Code B – Incipient Condition
Priority Code C – Home Improvement
Priority Code GPI – General Property Improvement

1. Contractor hereby agrees to comply with all conditions and requirements of the Bid and Contract documents. If so requested by the City of Long Beach (City) or Owner, the Contractor further agrees to submit additional information regarding the Contractor's qualifications and financial status.
2. The City will deliver a copy of the Owner and Contractor Rehabilitation Contract containing the effective date, which shall serve as the Notice to Proceed.
3. Contractor shall procure and maintain at Contractor's expense, for the duration of this Contract, from an insurance company that is authorized to write insurance in the State of California or that is an eligible surplus lines insurer in the State of California with a minimum rating of or equivalent to an A: VIII by A.M. Best Company, the following insurance:

   a. Commercial general liability insurance (equivalent in coverage scope to ISO CGL CG 00 01) naming the City of Long Beach, its officials, employees, and agents as additional insureds (equivalent in coverage scope to ISO CG 20 10 11 85) from and against claims, demands, causes of action, expenses, costs, or liability for injury to or death of persons, or damage to or loss of property rising out of activities performed by or on behalf of the Contractor in an amount not less than One Million Dollars (US $1,000,000) per occurrence and Two Million Dollars (US $2,000,000) in aggregate.

   b. Workers' compensation coverage as required by the Labor Code of the State of California and Employer's liability insurance with minimum limits of One Million Dollars (US $1,000,000) per accident.

   c. Automobile liability insurance (equivalent in coverage scope to ISO CA 00 01) in an amount not less than Five Hundred Thousand Dollars (US $500,000) combined single limit (CSL) per accident for bodily injury and property damage covering owned, non-owned, and hired automobiles.

   Any self-insurance program or self-insurance retention must be approved separately in writing by City and shall protect the City of Long Beach, its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention provisions. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, or canceled by either party except after thirty (30) days prior written notice to City (ten (10) days for nonpayment of premium), and shall be primary and not contributing to any other insurance or self-insurance maintained by City.

   Any subcontractor which Contractor may use in the performance of this Contract shall be required to maintain insurance in compliance with the provisions of this section.

   Contractor shall deliver to City certificates of insurance and original endorsements for approval as to sufficiency and form prior to the start of performance hereunder. The certificates and endorsements for each insurance policy shall contain the original signature of a person authorized by that insurer to bind coverage on its behalf.

   "Claims-made" policies are not acceptable unless City Risk Manager determines that "Occurrence" policies are not available in the market for the risk being insured. If a "Claims-made" policy is accepted, it must provide for an extended reporting period of not less than one hundred eighty (180) days.

   Such insurance as required herein shall not be deemed to limit Contractor's liability relating to performance under this Contract. City reserves the right to require complete certified copies of all said policies at any time. Any modification or waiver to the insurance requirements herin shall be made only with the approval of City Risk Manager.

   The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification provisions of the Contract.
4. Owner shall select within "Builder's Line" (standard) quality, all colors, patterns and styles of material not already specified by this Work Specification, with exception of plumbing fixtures, which shall be in all cases white.
5. All measurements whether supplied or not shall be verified or obtained by the contractor. Where a discrepancy of supplied measurement differs from that of the Contractor, the Contractor shall indicate their own measurement on the applicable Work Specification item and base the item bid amount on their own measurement.
6. All work as described by this Work Specification shall be completed by the Contractor in accordance with standard building practices and shall comply with all Long Beach building Codes and Ordinances.
7. All items whether installed or replaced shall be provided by the Contractor and be unused prior to installation. Items removed for replacement, unless specified in writing, shall become the property of the Contractor.
8. The only additions to this Work Specification, which may be considered, are those, which are necessary due to an unforeseen condition at the time of initial inspection of this property by the City representative. *Additional work items, or changes, require a fully executed "**CHANGE ORDER**" or "**ADDENDUM**" and must be approved by the City representative prior to the implementation of the requested addition or change.*

THE USE OF LEAD BASED PAINT IS PROHIBITED

5501 Cerritos Avenue

NOTE: Each line item below must be filled in for this bid to be valid. Line items are not to be grouped together. Each line item is subject to deletion as necessary to fit in the project budget. Any questions about the individual line item should be directed to the owner and should be addressed before bid submission. By submitting this bid, the contractor certifies an understanding of each specific line item as intended by the spec writer. Suggestions for more efficient use of funds with equal satisfactory results are welcome but should be submitted on a separate sheet complete with price for completion. Suggestions submitted by the contractor do not relieve the contractor from the responsibility of filling out this entire scope of work completely. Substandard materials are not acceptable on this project and materials and products such as appliances, fixtures, flooring, paint etc. that meet only the minimum standards may be subject to replacement or cost adjustment. All visible materials shall have owner's approval before installation. Any items in the below work specification marked with asterisks * are either a violation of building codes or health and safety codes and are not to be removed from this scope of work unless corrected before contract signing.

	Code	5501 Cerritos Avenue: SCOPE OF WORK	Contractor's Bid
*(1)	A	ELECTRICAL, GFCI RECEPTACLES Replace the electrical receptacles found in the bathroom, kitchen and exterior locations within 6' of the water source with new GFCI receptacles. They need not be replaced provided they are protected by a GFCI receptacle upstream	$ 350
*(2)	A	SMOKE DETECTORS Provide and install new smoke alarms in the bedrooms and hallway. Provide 1st set of batteries and ensure proper operation. Smoke Alarms are to be U.L. listed and installed according to current code and manufacturer's specifications.	$ 350
(3)	B	ROOF (COMP SHINGLES) Remove and dispose of all roofing down to sheathing on the house and the attached garage. Remove all gutters and downspouts and dispose of. Inspect and replace any damaged sheathing with new plywood. Install two new layers of 15# felt over entire roof with a "bleeder" layer down all valleys, and a full lap of felt across valley from both directions. Install a new 30 year dimensional, Class A fire rated composition shingle roof to current U.B.C. Code Chapter 15 and manufacturer's specifications. Install ridge caps along all ridges, hips and gable ends. Include new flashing, roof jacks, edge-metal, and vent caps and paint to match color of shingles as close as possible. Ensure new drip-edge fully covers existing fascia paint, or prime and paint exposed unpainted fascia as necessary. Owner to approve of roof shingles prior to installation. PERMIT REQUIRED	$ 13,000
(4)	A	HEATING Current heating system is not functional. Provide and install a new ductless heating and cooling system by Mitsubishi or equivalent. New system to be of adequate size to service the entire house. All work to be done according to current code and manufacturer's specifications. PERMIT REQUIRED	$ 7,000
(5)	A	REMOVE FLOOR/WALL HEAT REGISTERS & WALL FURNACE Remove the floor / wall registers that were used with the old, nonfunctional heating system. Remove existing non-functioning wall furnace. Restore the wall and floor to match the existing adjacent material as near as possible	$ 1,500

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	Code	5501 Cerritos Avenue: SCOPE OF WORK	Contractor's Bid
(6)	B	GARAGE DOOR & OPENER Remove and dispose of the existing garage door. Rework opening as necessary to ensure new door will fit properly. Provide and install new metal roll up garage door and opener in the same location. Include all hardware and weather-stripping. New door and opener to be approved by owner prior to installation. Install electrical for new opener if no receptacle exists within 3'. Install according to manufacturer's specifications.	$ 1,300
(7)	A	GARAGE WINDOW Remove and dispose of the broken window in the garage. Replace with a new retrofit, dual pane, low E, windows in the same locations.. Owner to approve of style and color of windows before installation. All work to be according to manufacturer's specifications.	$ 400
(8)	A	GARAGE SINK AND FAUCET Remove and properly dispose of the sink and faucet from the garage laundry area. Provide a new laundry sink with new faucet. Make any necessary adjustments if required to support the new sink. Owner to approve of the sink and faucet before installation.	$ 1,500
(9)	B	PATIO SCREENS Remove and dispose of the existing dilapidated sliding patio screens on the east side. Provide and install new screens complete with new tracks New doors to fit the existing opening and to be complete with new tracks on top and bottom. Ensure new doors glide freely and easily, and close flush. Install according to manufacturer's specifications.	$ 1,200
(10)	A	INSULATION, ATTIC Provide and install new R-30 batt insulation in the attic. Ensure insulation is not placed over eave vents blocking required air ventilation in the attic. All materials to be installed according to manufacturer's specifications.	$ 2,500

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	Code	5501 Cerritos Avenue: SCOPE OF WORK	Contractor's Bid
(11)	A	**FRONT PORCH RAILING** Front porch guard railing is in need of repair. Weld the base which has deteriorated and broken loose at some locations. Prime and paint all railings. Paint color to be approved by owner.	$ 2,100
(12)	A	**WATER HEATER** Remove and dispose of the existing water heater. Provide and install a new 30 gallon water heater with new earthquake straps, discharge line, TP valve, & flex lines. Installation to be according to current UPC standards and manufacturer's	$ 1,800
(13)	B	**KITCHEN CABINET REFACING** Reface all wall and base cabinets in the kitchen. Provide and install new doors and drawer fronts for all cabinets and drawers. Install new hinges and knobs for all drawers and doors. Ensure all drawers and doors open and close freely and close flush against cabinet boxes. Owner to approve of cabinet doors before signing of contract.	$ 7,800
(14)	B	**KITCHEN COUNTERTOP, SINK, FAUCET, & WASTE DISPOSER** Remove and dispose of the existing countertop, sink, faucet, and garbage disposal in the kitchen. Provide and install a new granite countertop in the same location. Provide and install a new Stainless Steel sink, new faucet, new under sink plumbing, including flex lines, angle stops, drain assembly and waste disposal in the same location. Owner to approve of countertop, sink, faucet and waste disposal before installation.	$ 3,800

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	Code	5501 Cerritos Avenue: SCOPE OF WORK	Contractor's Bid
(15)	B	BATHROOM REMODEL Remove and properly dispose of all of the existing fixtures from the bathroom including tub, toilet, sink etc. Remove the walls surrounding the tub. Provide and install the following per approval by owner. 1. New bathtub with ceramic or porcelain tile tub surround. Owner to select tile before installation. 2. New vanity cabinet, sink/countertop faucet selected by owner. 3. Install new medicine cabinet. 4. New American Standard or equal toilet in the same location. Installation of new toilet to include consideration of proper separation from walls, tub and/or cabinet fixture. Include new flush kit, wax ring, and bolts. Owner to approve of toilet before installation. Install according to applicable code and manufacturer's specifications. 5. Provide and install sliding glass bi-pass doors at tub enclosure. 6. Remove old cracked tile floor. Provide and install new ceramic tile. 6. Prime and paint. Paint sheen and color to be selected by owner.	9,200
		PROJECT TOTAL	$ 53,800

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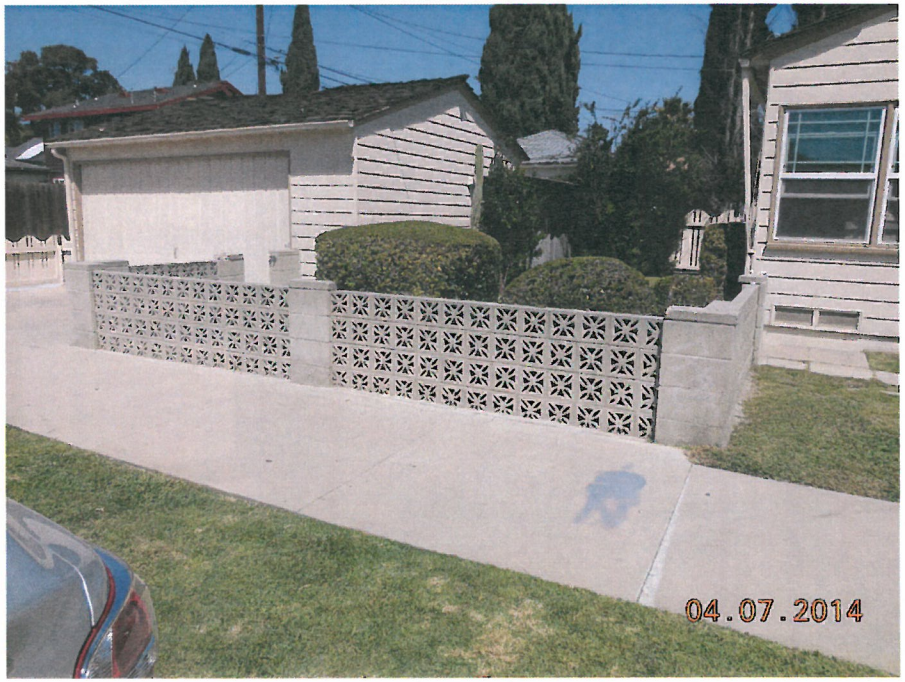
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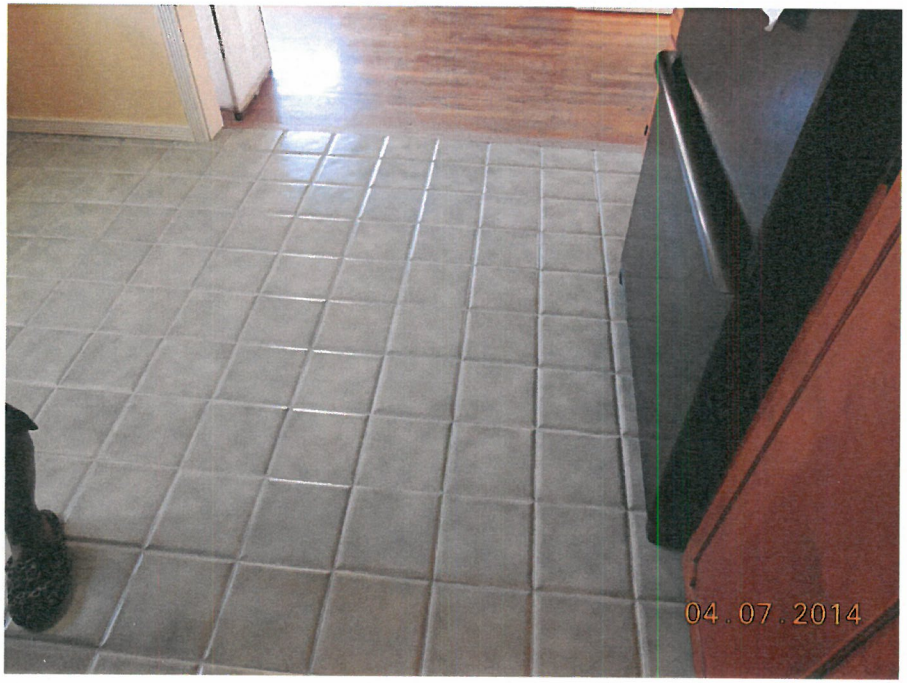
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PROPERTY PROFILE - COMPARABLE SALES ANALYSIS

Property Address : 5501 Cerritos Ave - Long Beach, CA 90805-5435
Assessor Parcel No. : 7128-002-016
Owner : JoAnn Jones-Demic

General Description

The property at 5501 Cerritos Ave., Long Beach, CA 90805 is a 1,169 square foot single family home on a 4755 square foot lot. The home includes 2 bedrooms and 1 bathroom and is in good condition.

Subject Property	Sqft	Stories	Rms	BR	BA	Gar	Condition
5501 Cerritos Ave.	1169	1		2	1		Good

Comparable Properties	Sqft	Stories	Rms	BR	BA	Gar	Cond	Price	Date Sold	Distance (miles)
5630 Lemon Ave.	1291	1		2	1		Good	$365,000	11/2014	.16
5525 Olive Ave.	1075	1		2	1		Good	$331,000	11/2014	.28
5556 Olive Ave	936	1		2	1		Good	$350,000	11/2014	.25

Comparable sales analysis indicates a value "after rehabilitation" of $357,000.

March 9, 2015

Teresa Cerda
Community Development Specialist