

MEMORANDUM



The
**Long Beach
Housing
Development
Company**

DATE: March 17, 2010
TO: Board of Directors
The Long Beach Housing Development Company
FROM: Programs Committee
PREPARED BY: Robin Grainger, Housing Rehabilitation Services Officer
SUBJECT: Approval of "Over Limit" Single-Family
Rehabilitation Loan – 3450 Harding Street (CD 9)

RECOMMENDATION

Approve a single-family rehabilitation loan to Mrs. Cristie H. Bennett in an amount not to exceed \$88,180.

BACKGROUND

On January 6, 2010, staff inspected the property at 3450 Harding Street in response to a request for housing rehabilitation loan assistance made by Mrs. Bennett. She explained to staff that she had inherited the property (she holds title as her sole and separate property), from her grandmother and was excited at the prospect of owning a home, since she, her husband and teenage son have been renting an apartment in Hawthorne since 1993. Mrs. Bennett is 38 years, her husband is 47 years old, and her son is 16 years old. Mrs. Bennett was formerly a schoolteacher, but is no longer employed and receives unemployment benefits. Her husband works for Aeronautical Technology, Inc. in Long Beach. The Bennett's total household annual income is \$51,792 and qualifies under Department of Housing and Urban Development (HUD) guidelines.

The subject property was built in 1955 and consists of 4 bedrooms, 2 bathrooms, with 1200 square feet of living area, and a swimming pool, situated on a 6,420 square foot lot. At the time of property inspection, it was apparent to staff that the property had been neglected for many years, is currently uninhabitable and in great need of rehabilitation. Staff established the "after-rehabilitation" value of this property at \$300,000, which was based on a comparable sales analysis of properties recently sold in the area. The property is free and clear of any loan or other lien. Based on the "after rehabilitation" value established and the requested loan amount, combined loan-to-value ratio computes to 29.39%, which is well below the program guideline maximum of 85%.

**MAKING
AFFORDABLE
HOUSING
HAPPEN**

AGENDA ITEM NO. 8

Mailing Address:
110 Pine Avenue
Suite 1200
Long Beach, CA 90802
Tel 562/570-6949
Fax 562/570-5921

The attached work write-up lists either energy conservation or building code requirements to be addressed. Major items that are damaged and which must be repaired or replaced include: replacement of all hot and cold water supply lines with copper; replacement of forced air heating system; replacement of all electrical wiring, switches, receptacles, and light fixtures; interior and exterior painting; kitchen and bathroom cabinetry; plumbing fixtures; vinyl and carpet flooring; replacement of windows; and replacement of deteriorated wood areas as indicated in the termite report. The contractor bid for all work is \$83,570, and a contingency fund of \$4,301 is appropriate and recommended. Loan processing costs are \$309. Staff has reviewed the contractor bid has determined that the costs are acceptable.

The Programs Committee has reviewed this application and recommends Board review of this loan. The current Program loan limit is \$60,000 maximum, and this loan exceeds that limit by \$28,180. The total loan amount would be \$88,180. Rehabilitation of this property will be accomplished through Federal HOME funds. Mrs. Bennett will execute a certification that they intend to occupy the subject property as their primary place of residence once rehabilitation has been completed and a Certificate of Occupancy has been obtained from the City.

Attachment: Contractor Bid/Work Write-up

RG:rrg

U:/LBHDC/2010 Staff Reports/March/Approval of Over Limit Loan-Bennett.doc

City of Long Beach

110 Pine Ave., Twelfth Floor, Long Beach, CA 90802
(562) 570-6083 - (562) 570-5921 Fax

WORK SPECIFICATION- CONTRACTOR BID PROPOSAL

Property Owner:	BENNETT, Cristie H.	Inspection Date:	1/6/2010
Address of Property:	3450 E. Harding St.	Inspected by:	Rikki Page
Zip Code:	90805	Charge Point:	CDHRPROGRAMS 08ENS
Owner's Phone Number:	310-675-6951	Loan Officer:	Marie Nguyen
Year Built:	1955	State Contractor License Number:	756140
Contractor:	ACTION SERVICES	Expiration Date:	11/10
Address:	4227 PEPPERWOOD AVE.	Tax ID # or	
Telephone:	LONG BEACH, CA 90808	Social Security #:	33-0580508
		Ethnicity:	

The undersigned Contractor hereby submits a lump sum bid in the amount of: \$ 83,570.00

Acceptance of attached Work Specification and Bid Proposal

Cristie Bennett 02-18-10
Cristie H. Bennett Date

[Signature] 2-18-10
Contractor Date

[Signature] 2/24/2010
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 performed 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.

Work categorized in priority as:
Priority Code A - Enforced/Mandatory
Priority Code B - Incipient Condition
Priority Code C - Home Improvement
Priority Code GP - 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 arising 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.
4. 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.
5. 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 herein shall be made only with the approval of City. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification provisions of the Contract.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.

3450 E. Harding St. - BENNETT

(1) **Priority Code A:** Install smoke detectors per \$ INC W/ ELECTR current city code.

(2) **Priority Code A:** Repipe all hot and cold water lines for 2 bathrooms, kitchen, laundry, water heater and service line. All copper installation to be within walls. Remove all * existing noncompliant plumbing and patch.

(3) **Priority Code A:** Install forced air system per current energy efficiency requirements for 1200 sff interior. HEAT ONLY \$ 4,200.00

(4) **Priority Code A:** Install R-30 insulation in attic. Approximately 1100 sff. \$ 2,200.00

(5) **Priority Code A:** Rewire all electrical to meet current requirements. Replace all switches/recepts and install 5 dedicated circuits in kitchen. \$ 5,200.00

(6) **Priority Code A:** Install 6 owner approved ceiling lights. \$ 750.00

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18,750.00

3450 E. Harding St. - BENNETT

- (7) **Priority Code A:** Prepare all exterior surfaces using Lead Safe Work Practices. Apply primer on bare areas and paint for adequate coverage. \$ 6200.00
- (8) **Priority Code A:** Replace approximately 2' wide by 160 lbf of deteriorated roofing around perimeter of house and garage. CUT EAVES IN REAR TO MINIMUM DISTANCE FROM ROOF \$ 1900.00
- (9) **Priority Code A:** Remove deteriorated patio cover. Replace approximately 160 lbf of fascia around perimeter of house and garage. AND REPLACE PATIO \$ 4200.00
- (10) **Priority Code A:** Replace 2 car garage door with reinforced metal sectional. Repair damaged framing. \$ 1495.00
- (11) **Priority Code A:** Remove glass wall/window in dining and living room. Frame and install 48"x48" Title 24 - Low E-3 window. \$ 1900.00
- (12) **Priority Code A:** Reframe and install 48" x 12" in bathroom 1 and 30" x 36" in bathroom 2. All replacement windows to be Title 24-Low E-3 units. \$ 1300.00

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16995.00

3450 E. Harding St. - BENNETT

- (13) **Priority Code A:** Reframe glass wall/window in bedrooms 1, 2 and 3 for 48" x 48" Tile 24-Low E-3 window. \$ 2850.00
- (14) **Priority Code A:** Replace 10' sliding glass door. \$ 2,200.00
- (15) **Priority Code A:** Remove deteriorated kitchen cabinets. Repair damaged walls and install 21 l/f of base and 18 l/f of overhead cabinets with 24" pantry. \$ 7,800.00
- (16) **Priority Code A:** Replace 18 l/f of Formica counter top. \$ 1695.00
- (17) **Priority Code A:** Replace 2 sided kitchen sink with minimum 8" depth. Replace sink faucet. \$ 650.00
- (18) **Priority Code A:** Replace built in dishwasher with standard GE - 2 cycle unit. \$ 695.00
- (19) **Priority Code A:** Replace garbage disposer with 3/4 horse unit. \$ 395.00

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16285.00

3450 E. Harding St. - BENNETT

(20) **Priority Code A:** Repair kitchen and dining subfloor and install approximately 190 s/f of VCT. Replace 3" baseboard. \$ 1,850.00

(21) **Priority Code A:** Replace approximately 800 s/f of carpeting and pad with 30 oz. product in living room, bedrooms. Replace 3" baseboard. \$ 3,200.00

(22) **Priority Code A:** Prepare all interior surfaces using Lead Safe Work Practices. Apply primer on bare areas and paint for adequate coverage. Remove all wallcovering, cork, panels, & WALLPAPER \$ 4,200.00

(23) **Priority Code A:** Remove all fixtures from both bathrooms. Repair subfloor and install VCT from corner to corner. \$ 1,145.00

(24) **Priority Code A:** Replace toilets, wax rings and stems in both bathrooms. \$ 700.00

(25) **Priority Code A:** Replace standard vinyl sink and vanity consisting of drawers in each bathroom. Replace sink faucets. \$ 1,300.00

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12395.00

3450 E. Harding St. - BENNETT

(26) **Priority Code A:** Replace pressed steel tub and tile surround in bathroom 1. Replace existing deteriorated shower with prefabricated stall in bathroom 2. Install tub/shower faucets. \$ 4950.00

(27) **Priority Code A:** Replace 5 interior doors and hardware. \$ 1625.00

(28) **Priority Code A:** Replace 3'x 12' closets in bedroom 1 and 2. Replace 4 - 72" x 80" closet doors, shelf and pole. \$ 2285.00

(29) **Priority Code A:** Replace 60" x 80 and 84" x 80" closet doors in bedroom 3. \$ 1390.00

(30) **Priority Code A:** Remove noncompliant addition in bedroom 3. Finish interior and exterior to original use. \$ 4500.00

(31) **Priority Code A:** Replace 36"x80" front door and hardware. \$ 895.00

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\$15,645.00

Item	Quantity	Unit	Price	Total
(32) Priority Code A: Pull combination building permit and post on site. Provide copy with first progress payment request and final sign off upon completion.	1	each	\$ 1500.00	\$ 1500.00

(33) **Priority Code A:** Provide chemical treatment and clearance by certified pest control company. Make all repairs per recommendations.

PROJECT TOTAL \$ 83,570.00

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3500.00