



# CITY OF SANTA ANA

## RESIDENTIAL REHABILITATION GRANT PROGRAM GUIDELINES

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## **1. PROGRAM SUMMARY**

The City of Santa Ana's Residential Rehabilitation Grant Program is designed to improve, and maintain affordable housing through the use of federal Community Development Block Grant (CDBG) funds. The program provides grants of up to \$25,000. Eligible homeowners must have a low to moderate income at or below 80% of the Area Median Income (AMI) as defined by the Department of Housing and Urban Development (HUD). Eligible activities include the repair, replacement, and/or installation of major systems including roof, plumbing, heating, electrical, windows, paint, and handicap accessibility.

## **2. ASSISTANCE TYPE**

The program utilizes CDBG funds to provide eligible households with grants to address municipal code violations, repair, replace, and/or install major systems of the home. Upon approval of a property owner's application for funding, the City shall provide a grant per household to pay for the rehabilitation work. There is a limit of one program grant every five years.

- CDBG grant funds shall be provided to pay for actual construction costs and eligible project soft costs only.
- The maximum amount of CDBG assistance under the Program shall be up to \$25,000 to pay for the rehabilitation work.
- The actual amount of CDBG assistance to be provided to a project shall be determined by both the bid amount and maximum grant amount of allowable CDBG assistance under the program.

## **3. AFFIRMATIVE MARKETING/FAIR HOUSING PROCEDURES**

The City shall ensure that all property owners within the City are notified of program availability, their eligibility to participate (providing that they meet eligibility criteria), and application procedures. Such notification will include but not limited to a press release (Nixle) and publication on the City's webpage. The City may also conduct targeted marketing to neighborhoods with high levels of poverty and/or code enforcement issues.

The City shall market grant programs to low to moderate income, English and non-English speaking people, and shall ensure that bilingual materials are available for homeowners. In addition, the City shall ensure that bilingual staff is available to assist property owners and help them understand all program and application materials and answer any questions.

## 4. SELECTION OF PROPERTIES

Properties eligible for the program shall be owner-occupied properties located within the city boundaries of Santa Ana and must be single-family, condominium, town homes, and manufactured housing. Properties participating in the program must be, and remain, the principal residence of the owner.

## 5. APPLICATION PROCEDURES

An application for participation in the program is available on the City's Online Application Portal at <https://www.santa-ana.org/residents/homeowners-renters/housing-development/single-family-rehabilitation>. Submitted applications are date and time stamped to ensure the order of submission is documented. The homeowner will be required to submit valid identification (California I.D), proof of income documentation, and ownership of the property. If additional information is requested, but not received within 30 days of receipt of the application, the application will be cancelled. The homeowner will be notified in writing of an application's cancellation.

The application must be completed in its entirety and submitted together with the following documentation:

- **Proof of Income** - The City shall use the definition of Annual Income as set forth in Part 5 under the Section 8 Rental Assistance Program at 24 CFR 5.609. Verification of personal income will include, but is not limited to three most recent paycheck stubs, three (3) months of bank statements, current federal income tax returns, SSI Benefit Award Letter if applicable, as well as documentation of other assets. (Section 8 elaborates on these requirements)
- **Proof of ownership** - Copy of Grant Deed or Property Tax Bill and Homeowners Insurance.
- **Proof of identity** - Please provide a copy of Driver's License, California I.D., or Passport for the head of household. For household members, please provide birth certificates or school I.D.s.
- **Scope of Work** - A prioritized and itemized list of the rehabilitation work requested to be performed.

Staff shall place the property owner's name on a list of eligible applicants in order of receipt of a completed application and above noted documentation. Acceptance of applications and subsequent approvals are on a first-come first-served basis.

Application approval is subject to funding availability.

## 6. SELECTION OF PROPERTY OWNERS/SCREENING PROCESS

Applicants for the program will be accepted from eligible low and moderate income, single-family property owners located within the City of Santa Ana. Participating households will be selected from eligible applicants on a first-come, first served basis

and will be qualified based on the information submitted in their application. Each application filed with the City shall be time/date stamped, and processed in the order received. Staff from Habitat for Humanity will review applications for completeness and will verify property and income eligibility. Incomplete applications will not be processed until all requested information is submitted. Habitat for Humanity shall notify all ineligible applicants of their status by email. .

The City requires that all households participating in the Program meet specific income limits as determined by HUD, based upon household size. HUD annually publishes income limits, which can be viewed online at <https://www.huduser.gov/portal/datasets/il.html> (**Appendix 1**) . As described under Part 5, Annual income is the gross amount of income that is anticipated to be received by all adult members of the household (18 years of age and over) during the twelve months following the effective date of admission. Income shall be verified utilizing third party verification, if necessary. All persons living in the housing unit shall be considered as household members for the purpose of determining income eligibility.

An applicant is considered **ineligible** if:

- (1) The applicant does not meet the income limit established by the HUD Income Limits for a low and moderate income household
- (2) The applicant does not own a home in Santa Ana.
- (3) The applicant does not reside in the unit.
- (4) The applicant is in violation of the CDBG Program conflict of interest provisions as described in 24 CFR 570.611 (**Appendix 2**).
- (5) The unit is occupied by a tenant household. Tenant-occupied units are not eligible for assistance.

## **7. METHOD OF DETERMINING AMOUNT OF CDBG ASSISTANCE**

CDBG funds will be provided to undertake repairs of the home, with a principal emphasis upon major systems of the home and addressing code violations. The amount of CDBG funds provided to an eligible project shall be established through the property inspection and cost estimate, as described below, and as permitted within the Program grant amount limits.

### **A. PROPERTY INSPECTIONS**

All property inspections will be conducted by Habitat for Humanity based on the proposed Scope of Work submitted by the applicant. Interim inspections will be conducted, as necessary, to monitor project progress. A final inspection will be performed prior to program funds being disbursed.

### **B. FINALIZATION OF SCOPE OF WORK**

The inspector will be responsible for inspecting the property to identify

Potential health and safety items, as well as owner requested repairs. Using the requested Scope of Work submitted by the applicant as a starting point, the inspector will add comments and required specifications per federal, state, and local requirements. The inspector will submit, or cause to be submitted, a building permit identifying the project in the system as City-funded, regardless if a permit is actually required.

### **C. CONTRACTOR PROCEDURES**

All program eligibility and rehabilitation work under this program will be performed by Habitat for Humanity of Orange County (Habitat) and/or their sub-contractors. Upon completion of the initial inspection, Habitat will provide the final Scope of Work (including City inspector's notes and specifications), for which a final work write-up will be created in coordination with the homeowner. Changes to the Scope of Work shall be approved by Habitat for Humanity

## **8. CALCULATION OF COST REASONABLE REVIEW**

General cost reasonableness will be determined during the review process undertaken to select Habitat for Humanity as the preferred contractor for the program. The following factors are used to determine the amount of assistance to be provided:

### **ELIGIBLE COSTS**

A. Program funds are available for rehabilitation costs that correct substandard conditions, correct violations of local housing codes, and are physically attached to the property and permanent in nature, as follows:

1. Exterior work to help preserve or protect structures such as painting, roofing, roof gutters, siding, repair/replacement of screens/windows, doors and door locks.
2. Interior work to make a structure more livable and repair/replace/restore important parts such as leaking or clogged plumbing, faulty or inadequate heating systems, damaged ceilings, water heaters, electrical wiring, and painting.
3. Weatherization and energy conservation items such as insulation, caulking, weather stripping and window coverings.
4. Fumigation and treatment of termites and pest control.
5. Modifications which aid the mobility of the elderly and physically challenged such as, but not limited to; shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping/reconstructing doorways, lowering sinks in kitchens and bathrooms.

B. Materials used for the program shall conform to the specifications designed



by Habitat for Humanity staff. If the owner-applicant does not approve of the materials to be used, the owner-applicant is responsible for additional costs to upgrade.

## **INELIGIBLE COSTS**

A. Ineligible improvements include, but may not be limited to, the following:

1. Repair, purchase or installation of kitchen appliances (ranges, built-in-ovens, cook tops).
2. Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antenna, and tennis courts.
3. Luxury items such as burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, patio covers, decks, and storage sheds/workshops.
4. Enlarging of rooms, or providing additional rooms such as bedroom and/or bathrooms (other than to alleviate over-crowded conditions).

B. Providing assistance to a project assisted within the previous 5 years with the City's CDBG Program funds.

## **9. ENVIRONMENTAL REVIEW PROCESS**

The City will periodically conduct a tiered Environmental Review (ER) pursuant to the 24 CFR 58.15 agreement covering the program as a whole. Staff is to complete a site-specific review whenever an individual grant application is received and before executing a Grant Agreement with a homeowner. Staff will complete a tiered review for each structure by reviewing the site specific issues (historic preservation, air quality, explosive/flammable operations, toxic substances, and airport clear zones), consulting if necessary with other agencies, documenting and implementing the mitigation of impacts as necessary and will keep all supporting documents in the ER as evidence of compliance.

## **10. EQUAL OPPORTUNITY**

Program participants will be selected on a first-come, first-served basis. No person shall be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity funded in whole or in part with CDBG funds. In addition, CDBG funds must be made available in accordance with all laws and regulations listed in 24 CFR Section 570.904.

## **11. LEAD-BASED PAINT (LBP)**

The City will follow the requirements under 24 CFR Part 35.930(b), of the "HUD Lead Safe Housing Rule," for rehabilitation work. If the home was built before 1978, the City will conduct Lead Based paint (LBP) testing to confirm or deny the presence of LBP. If LBP is found, Habitat for Humanity will implement safe work practices during

rehabilitation, and the City will require clearance examination of the worksite.

The Interim control measures is a stabilization process and would be performed for projects costing \$5,000-\$25,000. Identify all lead hazards at the affected units and common areas servicing those units by performing a lead-based paint risk assessment. Control the hazards using interim controls. Participants may skip the risk assessment and presume that all potential lead hazards are present, and then must use standard treatments to address them. In addition to training that meets the EPA's RRP Rule requirements, HUD-approved interim control training (such as the HUDEPA RRP curriculum) is required for renovators and workers.

The following steps will be followed:

**A. Provision of noticing and pamphlet ☺**

Applicable noticing of evaluation or presumption will be provided to the property owner and tenant within 15 days of receipt of the evaluation (lead-based paint test and clearance) report, and another notice within 15 days of hazard reduction activities, per §35.125(a), (b) & (c). Signed/dated verification of receipt will be obtained and kept on file. The requisite lead hazard information pamphlet: "Protect Your Family from Lead in Your Home" will also be provided to tenants and owners, with a signed/dated verification of receipt, per §35.130 and Subpart A of the Lead Safe Housing Rule.

**B. Paint testing of surfaces to be disturbed ☺**

Habitat for Humanity will test for the presence of lead based paint utilizing a licensed and certified lead-based paint inspector/risk assessor third party vendor for any painted surfaces expected to be disturbed.

**C. Lead Reports**

**D. Lead reports will be kept in a file, and a copy will be provided to the homeowner. If lead is determined to be present and disturbed by work performed under the scope of work, safe work practices, and lead removal methods will be explained in detail to the homeowner. Conduct safe work practices in repair**

Safe work practices shall be followed, utilizing an appropriately trained contractor; in accordance with Section 35.1350 and any paint that is disturbed will be repaired. Methods of paint removal listed in § 35.140 shall not be used. The following methods shall not be used to remove paint that is, or may be, lead-based paint:

- Open flame burning or torching.
- Machine sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control.
- Abrasive blasting or sandblasting without HEPA local exhaust control.
- Heat guns operating above 1100 degrees Fahrenheit or charring the paint.
- Dry sanding or dry scraping, except dry scraping in conjunction with heat guns or within 1.0 ft. (0.30 m.) of electrical outlets, or when treating defective paint spots totaling no more than 2 sq. ft. (0.2 sq.

m.) in any one interior room or space, or totaling no more than 20 sq. ft. (2.0 sq. m.) on exterior surfaces.

- Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with regulations of the Consumer Product Safety Commission at 16 CFR 1500.3, and/or a hazardous chemical in accordance with the Occupational Safety and Health Administration regulations at 29 CFR 1910.1200 or 1926.59, as applicable to the work.

#### **E. Repair disturbed paint**

#### **F. Prepare Clearance Report**

After completion of any repair to any painted surfaces disturbed during rehabilitation, Habitat for Humanity shall conduct a clearance examination of the worksite, utilizing a licensed and certified lead-based paint inspector/risk assessor third party vendor, in accordance with Sec. 35.1340.

#### **G. Notice to occupants**

Implementing safe work practices and a clearance examination after the hazard reduction work will not be undertaken in the event that the disturbed paint surface does not contain LBP or the amount of LBP does not exceed de minimis amounts as set forth under 24 CFR 35.1350(d).

Safe work practices are not required when maintenance or hazard reduction activities do not disturb painted surfaces that total more than:

- (1) 20 square feet (2 square meters) on exterior surfaces;
- (2) 2 square feet (0.2 square meters) in any one interior room or space; or
- (3) 10 percent of the total surface area on an interior or exterior type of component with a small surface area. Examples include window sills, baseboards, and trim.

## **12. DEBARMENT AND SUSPENSION**

As required, Habitat for Humanity and property owner will comply with all contractor debarment and suspension certifications. Habitat for Humanity will ensure that all contractors and subs are actively registered on **SAM.GOV** and have a **“Unique Identification Number”**.

## **13. GRANT DOCUMENT PREPARATION**

Upon completion of an internal review to determine applicant eligibility, Habitat for Humanity will execute an **“Residential Rehabilitation Grant Agreement”** with the applicant. The Agreement ensures the applicant understands and agrees to the requirements for the program and officially awards the grant to the applicant.

## **14. CONSTRUCTION PROCEDURES**



**In order to ensure full and open competition procurement, Habitat for Humanity will collect two-to-three bids per project from qualified contractors. Habitat for Humanity may also develop and maintain a list of qualified contractors that may be used to complete the desired scope of work. Habitat for Humanity will do its due diligence to ensure that work is distributed equally among qualified contractors.**

Upon full execution of the Agreement by the affected property owners (which shall list work as described in the bid specifications), staff will issue Habitat for Humanity a "Notice to Proceed" via email. At that time, Habitat will carry out the required work. It is estimated that work shall commence no later than ten (10) days from the date the property owner receives the "Notice to Proceed" and be completed no more than sixty (60) days after the start date.

Individual rehabilitation projects will be deemed completed subsequent to the receipt of Habitat's invoice, the Building Department's approval, and when the Certificate of Completion is signed by the homeowner.

## **15. CONSTRUCTION MANAGEMENT**

Habitat for Humanity shall be responsible for conducting initial, progress payment inspections and final inspections for participating properties. These inspections shall be performed to ensure adherence to work write-up, and the continued quality of all construction, including adherence to all building codes. All such inspections shall be conducted prior to the release of any progress payments (if applicable).

## **16. CONFLICT RESOLUTION**

In the event that any dispute(s) between Habitat for Humanity and the owner arises out of or in connection with provisions of the project, either one, or both, shall submit in writing the fact and nature of such disputes(s) to the City. Within thirty (30) days of such notice, Habitat for Humanity and the owner shall either resolve the dispute on their own or shall seek a resolution of the dispute by written response from the City's Community Development Analyst.

## **17. CONFLICT OF INTEREST**

Any person who is an employee, agent or consultant of the City of Santa Ana who formulates policy or influences decisions or gains inside information with respect to the program and no public official or member of a governing body or state or local legislator who exercises a function or responsibility with respect to the program, shall have any direct or indirect interest in any housing unit assisted with program funds, or in any proceeds or benefits arising from the program.

## Appendix #1

### Example of the Annual Income Limits Documentation System Summary

FY 2022 Income Limit Area	Median Family Income <a href="#">Click for More Detail</a>	FY 2022 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Santa Ana-Anaheim-Irvine, CA HUD Metro FMR Area	\$119,100	Very Low (50%) Income Limits (\$) <a href="#">Click for More Detail</a>	47,450	54,200	61,000	<b>67,750</b>	73,200	78,600	84,050	89,450
		Extremely Low Income Limits (\$)* <a href="#">Click for More Detail</a>	28,500	32,550	36,600	<b>40,650</b>	43,950	47,200	50,450	53,700
		Low (80%) Income Limits (\$) <a href="#">Click for More Detail</a>	75,900	86,750	97,600	<b>108,400</b>	117,100	125,750	134,450	143,100

**NOTE:** Orange County is part of the **Santa Ana-Anaheim-Irvine, CA HUD Metro FMR Area**, so all information presented here applies to all of the **Santa Ana-Anaheim-Irvine, CA HUD Metro FMR Area**. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Santa Ana-Anaheim-Irvine, CA HUD Metro FMR Area**.

## Appendix #2

### **PUBLIC DISCLOSURE OF CONFLICT OF INTEREST UNDER THE CODE OF FEDERAL REGULATIONS**

The federal regulations governing the administration of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) grants for local governments have strict guidelines relating to Conflict of Interest. Under the federal regulations, the following persons are covered: The conflict of interest provisions of this section applies to any person who is an employee, agent, consultant, officer, elected official or appointed official of the participating jurisdiction or subrecipients that are receiving funds under this part. **24 CFR 92.356(c)** and **24 CFR 570.611(c)**.

Under the regulations, a conflict exists as described below:

**Conflicts Prohibited.** The general rule is that no persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG or HOME funds who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted or HOME-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted or HOME-assisted grant activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. **24 CFR 92.356(b)** and **24 CFR 570.611(b)**.

The regulations provide for an exception for persons who fall under the Conflict of Interest

regulations. Written request for an exception may be made to HUD after public notification that a person covered by the Conflict of Interest regulations has applied for assistance and the City Attorney has rendered an opinion that if HUD grants the exception, no state or local law will be violated. 24 CFR 570.611(d)(1) and 24 CFR 92.356 (d).

**PUBLIC NOTICE** is hereby provided on (00/00/2021) that the City of Santa Ana, Community Development Agency Housing Division, will request an exception to the regulation for the following:

Employee	Program	Nature of the Conflict
	Residential Rehabilitation Grant Program (Community Development Block Grant)	(Staff Name) has applied for and is eligible to receive Home Repair Assistance

*Factors which were considered as part of this exception process include:*

- Whether the person affected is a member of a group or class of low and moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;
- Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question
- Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict.
- Staff Member's request for assistance was received and will be processed like any other applicant in the Residential Rehabilitation Grant Program. The applicant has not received any special or preferential treatment.

### **Appendix #3**

#### **§570.904 Equal opportunity and fair housing review criteria.**

(a) *General.* (1) Where the criteria in this section are met, the Department will presume that the recipient has carried out its CDBG-funded program in accordance with civil rights certifications and civil rights requirements of the Act relating to equal employment opportunity, equal opportunity in services, benefits and participation, and is affirmatively furthering fair housing unless:

(i) There is evidence which shows, or from which it is reasonable to infer, that the recipient, motivated by considerations of race, color, religion where applicable, sex, national origin, age or handicap, has treated some persons less favorably than others, or

(ii) There is evidence that a policy, practice, standard or method of administration, although neutral on its face, operates to deny or affect adversely in a significantly disparate way the provision of employment or services, benefits or participation to persons of a particular race, color, religion where applicable, sex, national origin, age or handicap, or fair housing to persons of a particular race, color, religion, sex, or national origin, or

(iii) Where the Secretary required a further assurance pursuant to §570.304 in order to accept the recipient's prior civil rights certification, the recipient has failed to meet any such assurance.

(2) In such instances, or where the review criteria in this section are not met, the recipient will be afforded an opportunity to present evidence that it has not failed to carry out the civil rights certifications and fair housing requirements of the Act. The Secretary's determination of whether there has been compliance with the applicable requirements will be made based on a review of the recipient's performance, evidence submitted by the recipient, and all other available evidence. The Department may also initiate separate compliance reviews under title VI of the Civil Rights Act of 1964 or section 109 of the Act.

(b) *Review for equal opportunity.* Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1, together with section 109 of the Act (see §570.602), prohibit discrimination in any program or activity funded in whole or in part with funds made available under this part.

(1) *Review for equal employment opportunity.* The Department will presume that a recipient's hiring and employment practices have been carried out in compliance with its equal opportunity certifications and requirements of the Act. This presumption may be rebutted where, based on the totality of circumstances, there has been a deprivation of employment, promotion, or training opportunities by a recipient to any person within the meaning of section 109. The extent to which persons of a particular race, gender, or ethnic background are represented in the workforce may in certain circumstances be considered, together with complaints, performance reviews, and other information.

(2) *Review of equal opportunity in services, benefits and participation.* The Department will presume a recipient is carrying out its programs and activities in accordance with the civil rights certifications and requirements of the Act. This presumption may be rebutted where, based on the totality of circumstances, there has been a deprivation of services, benefits, or participation in any program or activity funded in whole or in part with block grant funds by a recipient to any person within the meaning of section 109. The extent to which persons of a particular race, gender, or ethnic background participate in a program or activity may in certain circumstances be considered, together with complaints, performance reviews, and other information.

(c) *Review for fair housing—(1) General.* See the requirements in the Fair Housing Act (42 U.S.C. 3601-20), as well as §570.601(a).

(2) *Affirmatively furthering fair housing.* HUD will review a recipient's performance to determine if it has administered all programs and activities related to housing and urban development in accordance with §570.601(a)(2), which sets forth the grantee's responsibility to affirmatively further fair housing.

(d) *Actions to use minority and women's business firms.* The Department will review a recipient's performance to determine if it has administered its activities funded with assistance under this part in a manner to encourage use of minority and women's business enterprises described in Executive Orders 11625, 12432 and 12138, and 2 CFR 200.321. In making this review, the Department will determine if the grantee has taken actions required under 2 CFR 200.321, and will review the effectiveness of those actions in accomplishing the objectives of 2 CFR 200.321 and the Executive Orders. No recipient is required by this part to attain or maintain any particular statistical level of participation in its contracting activities by race, ethnicity, or gender of the contractor's owners or managers.

**Appendix #4**

PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME!