

## **CDBG Housing Rehabilitation Program Program Guidelines**

### ***Introduction***

The City of San Dimas has been a participating jurisdiction in the Community Development Block Grant (CDBG) Program of the U.S. Department of Housing and Urban Development (HUD) since the program was established by Congress in 1974.

Each year, CDBG funds are apportioned to cities by HUD based upon social and economic need, a city's commitment to provide housing and community development opportunities. Los Angeles County cities with populations under 50,000 such as San Dimas participate under the entitlement of the Los Angeles Urban County through a Participating City Cooperation Agreement of successive three year periods.

A participating city can forfeit their funds by notifying the Community Development Commission (CDC), Director of the CDBG Division in writing of its desire to discontinue participation no later than one year in advance of the expiration date. A copy of the letter should also be sent to the current Director of the Office of Community Planning and Development at the local HUD office located at: US Department of Housing and Urban Development, Office of Community Planning and Development, Los Angeles Field Office, Region IX, 611 W. Sixth Street, Suite 000-9DD, Los Angeles, CA, 90017-3101. If the city is not eligible to become an entitlement jurisdiction, it will not be able to retain any CDBG funds remaining in its funding pool. The city will have to exchange its remaining balance with another participating city or have the remaining balance transferred to the funding pool of the Supervisorial District in which the city is located.

While cities have a great deal of flexibility in the selection of projects, all funded projects must be implemented according to the 1974 Housing and Community Development Act and the National Affordable Housing Act passed by Congress in 1990. Activities carried out with CDBG funds must address at least one of the national objectives of the CDBG program which include:

- Benefiting low and moderate income persons,
- Addressing slum or blight; or
- Meeting a particular urgent community development need.

Basic requirements for a local CDBG program are set forth in CDBG Program Regulations CFR 570. Local community needs, resources, priorities and procedures for managing the CDBG program have been approved by the City Council each year which includes objectives and outcomes identified, an evaluation of past performance and activities to be undertaken in the next year.

While the City's policy and procedures for allocating, managing and reporting on CDBG funds have been in compliance with federal, local regulations and applicable City policy and practice, this document is intended to satisfy the requirement for a policy and procedures manual for the Residential Rehabilitation Program.

### ***Project Description***

The City of San Dimas acknowledges that there is a need to assist very-low, low and moderate income homeowners to live in decent, safe and sanitary housing. Similarly, there is a necessity to maintain and enhance the viability and character of the community by eliminating blighting influences through preservation and rehabilitation. This recognizes the important fact that a well-maintained housing stock is among the City's most valuable resources.

The Community Development Block Grant (CDBG) Housing Rehabilitation Program provides low-to-moderate income households the ability to cover the cost of necessary housing rehabilitation for work related to property repairs, maintenance, code violations and other conditions determined to be detrimental to public health and safety. It is the City's goal to preserve the condition of the basic housing stock, bring homes up to local building code and to eliminate health and safety risks to occupants, and comply with lead-based paint regulations on properties constructed prior to January 1, 1978, pursuant to HUD's definition of "Safe Work Practices."

Rehabilitation assistance is limited to materials, fixtures and equipment of a type or quality that are customary in properties of the similar type. Requests for material or equipment replacement must first demonstrate deteriorated and inoperable conditions. The program does not permit improvements for aesthetic purposes or home improvement repairs prior to an immediate resale of the property. Applicants will be required to sign a waiver ensuring that they will continue to reside in the subject property after the rehabilitation work is completed for a minimum period of twelve months from the "sign off" or completion of work date, or risk pay back of funding.

CDBG funds are used to finance the cost of repairs through grants to qualifying households. Grant amounts available to applicants vary year to year dependent on CDBG allocations. CDBG funds are also used to supplement City staff salaries or consultant cost and non-personnel costs such as program marketing, supplies, training, travel and meetings, testing, assessment, interim controls, clearance procedures and remediation.

### ***Service Area***

The program serves program eligible households in San Dimas as defined by current CDBG income guidelines. The program covers the City of San Dimas, which includes census tract nos. 4002.07, 4003.04, 4004.03, 4012.02, 4013.03, 4013.04, 4013.11, 4013.12, 4037.03, and 4038.02.

### ***Target Population***

The program is targeted to San Dimas residents living in financially- disadvantaged low-to-moderate income households as determined by current CDBG income levels in need of assistance to finance the cost of home repairs. Income for all members of the household shall determine program eligibility with exceptions being made only with supporting documentation or justification.

### ***Marketing and Outreach***

Marketing and outreach is accomplished in the San Dimas community by publicizing the program in the City's quarterly newsletter, the City's website, and flyers/ information packets distributed at City Hall. Once the information is publicized, the City is not able to fulfill the amount of requests made but establishes a waiting list to work from on a first come first served basis giving priority to urgent health and safety items.

### ***Procedural Guidelines***

#### Planning Summary Submission

Refer to the *City Planning Summary Proposal*" link on CDC's Partner Page on their website for detailed instructions and procedures on the process for submitting planning summaries in preparation for the new fiscal year. Guidance is provided in the following areas:

- Budget Planning
- Funding Options & Considerations
- Exhibit A Development Tools
- Environmental Clearance and the ESR
- Housing Rehab Information
- Lead-Based Paint & Asbestos Requirements
- Submission deadlines and dates to remember

#### Program Approval and Start-Up

Once planning summaries are approved by CDC, sometime prior to July 1 of the new fiscal year, CDC will submit agreements for execution electronically to the staff person identified as the main contact for document approval. Once approved, the agreement will be sent to the City official designated as the signatory for the City (City Manager) for execution. If all agreements/documents have been reviewed and approved pursuant to CDC's schedule, the programs will be ready to initiate July 1<sup>st</sup> of the new program year or after all paperwork is submitted and approved.

Programs cannot be initiated prior to receiving authorization from CDC in the form of an executed program agreement and "Exhibit A".

## Program Start-Up

Each applicant is provided with an information packet outlining the CDBG Housing Rehabilitation program requirements and restrictions (Attachment A). Upon receipt of a completed application, income (refer to CDBG Bulletin 07-0001 and 07-0002) and other eligibility requirements are verified by staff. Each application is reviewed for accuracy and completeness of information. Acquired ownership interest in the property shall be established at a minimum of twelve (12) months prior to the date of the program application.

## Grants

Grants are provided without repayment requirements unless repayment is triggered within 12 months of the completion or "sign off" date. Grants are limited to every other year or as funding permits.

## CDC On-Line Rehabilitation Module

The City shall submit for environmental clearance to the Community Development Commission (CDC) a Basic Property Identification Form of all properties to be rehabilitated electronically through the on-line rehabilitation module (refer to Bulletin 08-0020 and 08-0027). For properties 50 years or older, upload pictures of the subject property including properties adjacent and across the street of the subject property to CDC through the rehab module. CDC staff will determine if the proposed rehabilitation will negatively impact the historic character of the property. If the unit was built prior to 1978, the property becomes subject to lead inspection and subject to asbestos inspection if built before 1980. A certified lead/asbestos consultant will then be commissioned to conduct an analysis of the property and remediate the hazards identified if necessary. Presently the City retains the environmental consultants (lead, asbestos and remediation) through an RFP process.

After an application is deemed complete, an on-site inspection is performed evaluating the necessity of assistance being requested and for evidence of deteriorated paint if the home is built prior to 1978. If deteriorated paint is found (any interior or exterior paint or other coating that is peeling, chipping, chalking, cracking, or otherwise damaged or separated from the substrate), a lead-based paint test and report will be obtained from a certified lead hazard inspector will be obtained. The written recommendations of the inspector will be made a part of the scope of work and will be given priority as a health and safety issue conforming to HUD's lead-safe practices (refer to 24 CFR 35.1330). If materials containing asbestos (ACMS) will be disturbed pursuant to the rehab work, a certified asbestos inspector will conduct an analysis to determine existing hazards.

Once the property is approved for rehabilitation work and an environmental clearance is provided by CDC, and no environmental hazards were determined (lead

or asbestos), a contractor is selected from the lowest and most responsible bid submittals to initiate the work.

### Contractors/Vendors

Participating contractors and/or vendors must have an active San Dimas business license and if necessary, a current and active contractor's license or appropriate license or certificate of the trade in good standing. In addition to researching the State of California licensing boards, the Federal Excluded Parties List System (EPLS) must be checked for good standing. When a contractor/vendor has been selected and agrees to participate in the rehabilitation program, a Three Party Agreement is executed between the home owner, contractor/vendor and City detailing responsibilities of all parties. This agreement must be executed by all parties prior to any work being initiated (Attachment ).

As the rehabilitation work progresses, staff inputs pertinent client data into the rehabilitation module for a permanent file record (refer to CDBG Bulletin 08-0020 and 08-0027). Upon completion of the repair, print out the client record from the rehab module and retain in the client file along with original application and associated documentation.

City payment is made to the contractor upon final inspection of the property by all appropriate agencies (City building inspector, HCD inspector for mobile homes and CDBG staff) and after ensuring that the work performed is satisfactory. All work shall comply with the Minimum Property Standards for Housing as defined by the U.S. Department of Housing and Urban Development (Attachment B) and the Property Rehabilitation Standards for Residential Properties for the City of San Dimas (Attachment C). In the event that there is a difference in the standards, the more restrictive code will apply.

### ***Professional Service Agreements***

Program sub-contractors retained for the program for environmental services such as lead, asbestos and environmental remediation will require execution of Professional Service Agreements (Refer to Bulletin 09-001 and 10-0003). Agreements are limited to a three year duration.

### ***Contract Amendments***

Amendments to Exhibit A can be accomplished by noticing the CDC Program Representative assigned to San Dimas of the revisions you are requesting. Once this is accomplished, CDC will notify the main city staff contact of the authorization and to obtain execution of the amended Exhibit A. Amendments may include but are not limited to, revisions to the scope of program activity, accomplishment numbers or program budget. In many instances, program income generated from pay-back of prior loans can be reallocated to the rehab program.

### ***Funding Requests***

Purchase Orders are submitted to the City's Finance Department requesting payment to a specific vendor or contractor. The purchase order includes bid proposal amounts received from other vendors/contractors displaying competitive bidding processes. (refer to Procurement paragraph below). Purchase Orders must be authorized by the Department Supervisor along with Asst. City Manager or City Manager if the amount exceeds \$5,000.

Upon completion of a rehab job, the vendor's invoice signed off by the section supervisor is submitted to the Finance Department for processing. Only when the job is completed and all appropriate sign-offs have occurred shall the invoice be processed.

All eligible costs associated with the rehab program are reimbursed to the City by CDC by utilizing the Reimbursement module on CDC's website. City Finance Section staff is responsible for this task along with all financial responsibilities and tasks associated with the CDBG program including annual Financial monitoring and auditing.

### ***Procurement***

The Operating Agency will comply with procurement standards outlined in 24 CFR Part 812, Section 812.2 of the U.S. Department of Housing and Urban Development (HUD) public housing regulations. Refer to CDBG Bulletins 09-0024, 00-0039, 00-0040, or 00-0041.

### ***Personnel and Non-personnel Tracking***

In addition to direct rehab costs, staff's time associated with the program are identified on time sheets detailing the date and hours worked on the program. Once approved by the section supervisor, time sheets are submitted to the Finance Department for processing. At month end, or quarterly, the Finance Department requests reimbursement for personnel and non-personnel costs through the funding Reimbursement module on CDC's website.

Tracking is accomplished by submitting time sheets and purchase orders authorized by the Section head or higher as appropriate in a timely manner to the City's Finance Department to process. Finance Department will submit for program reimbursement through the CDC's Financial Module uploading all appropriate documentation as necessary.

## **Tracking and Reporting Goal Accomplishments**

Tracking and program goal accomplishments are tallied automatically through the rehab module on CDC's website when data is entered. City staff retains an annual excel log sheet identifying rehab clients. The log sheet details information on each client including but not limited to name, address, census tract, income level, household size, type of repair provided, contractor name and file closing date. The log sheet is retained on the City's server, under the Housing Section.

### ***Quarterly Reporting***

Refer to the Quarterly reporting Forms and Instructions link located on the CDBG Partner Page under "Forms and Publications" on CDC's website for directions and information.

## **Administrative Delivery Costs**

The operating agency maintains payroll, time and attendance records signed by the employee and approved by the supervisor. Time distribution records will also be kept and shall account for total work time on a daily basis for all employees.

The operating agency shall maintain during the term of its contract and for a period of three (3) years thereafter complete and adequate financial records and accounts as considered necessary by the Community Development Commission to assure proper accounting for all program funds and to support all program expenditures.