

City of Banning
Energy Efficiency and Minor Repair Program

Program Guidelines

August 2018

I. DESCRIPTION OF ENERGY EFFICIENCY AND MINOR REPAIRS PROGRAM (EEMRP)

The purpose of the Banning Housing Authority’s (BHA) Energy Efficiency and Minor Repairs Program (EEMRP), also considered to be minor home repair, is to assist extremely low, very low, and lower income homeowners, whose incomes do not exceed 80 percent of the Area Median Income (AMI) adjusted by family size, as established by the California Department of Housing and Community Development (HCD), by providing forgivable loans of up to \$10,000 to make energy efficiency related repairs to their single family owner-occupied residences within the City of Banning.

II. ASSISTANCE TYPE

The City shall operate the EEMRP utilizing Housing Authority Funds to provide eligible households with forgivable loans. The EEMRP shall provide up to \$10,000 for energy efficiency related repairs. There is a limit of one EEMRP loan per eligible homeowner.

BHA funds shall be provided to pay for actual construction costs and eligible project soft costs only. Actual amounts of applicant funding will be determined by the homeowner obtaining three bids from contractors to perform eligible, required repairs.

III. AFFIRMATIVE MARKETING PROCEDURES

The City shall develop and publish press releases and newspaper ads to inform residents of the EEMRP, general eligibility criteria, and application procedures.

The City shall ensure that bilingual materials are available for homeowners. In addition, the City shall ensure that bilingual staff will be available to help the property owners understand all program and application materials and to be available to answer any questions.

IV. SELECTION OF PROPERTIES

Properties eligible for the EEMRP shall be owner-occupied properties located within the City limits of Banning. Participating properties must be the principal residence of the owner. Mobile homes are accepted on a case by case basis through the EEMRP as long as the occupant is the owner.

V. APPLICATION PROCEDURES

An application for participation in the EEMRP must be obtained from and returned to Banning City Hall, located at 99 E. Ramsey Street, Banning, CA 92220. The application must be completed in its entirety and submitted together with the following documentation:

- A. Application Form
- B. Verification of all household income which will include, but is not limited to, applicant’s three (3) most recent pay stubs and the two most recent complete signed Federal Income Tax Returns, (if filed), and three (3) most recent bank statements.
- C. Proof of assets form
- D. Proof of ownership of the single-family residence (Grant Deed or Deed of Trust and Property Tax Bill)
- E. Copy of current Homeowner’s Insurance Policy

- F. Proof of residency at the applicant's residence (Utility Bill)
- G. Valid Photo Identification Card for each applicant
- H. A prioritized and itemized list of the construction work requested to be performed
- I. Borrower's certification and authorization
- J. Additional items (may be) requested by the City.

Staff shall place the property owner's name on a list of eligible projects in the order of receipt, of a complete signed Application, which includes the above listed documentation. Those applicants who submit all requested documents with the application in the shortest time frame will have the highest priority for assistance under the EEMRP. Partial and/or incomplete applications will be returned to the homeowner and their name will not be placed on the eligibility listing until the application is properly and fully completed and re-submitted to the City.

Application approval is subject to funding availability and the determination of the City Council to continue the program.

VI. SELECTION OF PROPERTY OWNERS/SCREENING PROCESS

- A. EEMRP households must have incomes that do not exceed 80% of AMI (Average Median Income), single-family owner-occupied property owners located within the City.
- B. Households will be selected from eligible applicants on a first-come, first-served basis.

Each application filed with the City shall be date stamped, and will be processed in the order received. City staff or their designee will review applications for completeness and will verify property and income eligibility. Incomplete applications will not be processed until all requested information is submitted. City staff or their designee shall notify all ineligible applicants of their status by letter.

The City requires that all households participating in the EEMRP meet specific income limits as determined by HCD, based upon household size. For reference, the current HCD published income limits, by household size, for Riverside County is available upon request at City Hall.

- C. Annual income is the gross amount of income that is anticipated to be received by all adult household members, 18 years of age and older.
- D. Income shall be verified utilizing the third-party verification format and other such procedures as necessary.
- E. For all households applying for the EEMRP, all persons on title are considered household members for the purpose of determining income eligibility.
- F. Ineligible Applicants

An applicant is ineligible if:

1. The applicant is in violation of any City Policy or Program or where a conflict of interest exists.

2. The applicant does not demonstrate the capacity to undertake and successfully complete the proposed project.
3. The applicant's household doesn't meet income qualifications.

VII. PROGRAM ASSISTANCE

- A. The EEMRP is designed to assist projects by providing necessary funds to finance the actual rehabilitation costs and eligible project soft costs.
- B. For eligible rehabilitation projects, maximum amounts of \$10,000 per household and single family residential dwelling unit, subject to funding availability. If at any time during the first five years after project completion the homeowner sells the home, changes title, or no longer occupies the home, then all or a portion of the forgivable loan must be repaid. After five years, the loan is fully forgiven. For every full calendar from the date of the loan an amount of two thousand dollars (\$2,000.00), or twenty percent (20%), will be forgiven for 5 years until the entire \$10,000.00 is forgiven. If at any time a triggering event occurs then the payable amount will be pro-rated based on the amount of time and loan amount not yet forgiven.

Applicants agree to yearly monitoring of the residence to ensure ownership and occupancy for five (5) years. Monitoring will be in the form of providing annual proof of residency until the expiration of the fifth (5th) year as outlined within the Promissory Note.

VIII. METHOD OF DETERMINING AMOUNT OF BHA ASSISTANCE

BHA funds will be provided so that all housing that is assisted will, at a minimum, meet all the local building codes, rehabilitation standards, ordinances, and correct situations which threaten the health and safety of residents including testing for the presence of lead-based paint in pre-1978 construction, and performing appropriate repairs and clearance of detected lead-based paint as a component of the rehabilitation.

A. PROPERTY INSPECTION

The City's Construction Manager will conduct the property inspection with the Property Owner, or the owner's designated adult representative. The inspection will include:

1. Interview with the property owner, or owner's representative, to identify known problems.
2. Walk through of the property with a checklist, provided by the owner, pointing out recommended improvements.
3. Completion of a deficiency list (form).

B. PREPARATION OF WORK WRITE-UP AND COST ESTIMATE

1. Construction Manager, in conjunction with owner input will be responsible for inspecting the property to identify violations of health, safety, and building codes. Such repairs may include but are not limited to leaking roofs, non-functioning water heater replacement,

heating/air conditioning repairs, defunct smoke detectors, installation of carbon monoxide detectors, repairing improperly installed water heaters, and minor electrical repair.

2. Construction Manager will prepare a detailed work write-up (specifications) that addresses all violations of health, safety, and building codes, and provides (for properties constructed before 1978) for testing and abatement/removal of lead-based paint (if necessary) and lead-based paint clearance, and identifies any other rehabilitation efforts to be conducted.
3. Construction Manager will contact an environmental testing firm, transmit a copy of the proposed work-write up indicating the maximum amount of funds to be expended, and arrange for an inspection of the site.
4. Upon receipt of the lead-based paint risk assessment, the Construction Manager will review the results and incorporate appropriate corrective measures for lead containing materials into the work write-up, including the requirements for persons conducting any lead abatement or removal. The Construction Manager will also forward a copy of the lead-based paint risk assessment to the homeowner with appropriate cover letter.
5. Construction Manager will file the completed deficiency list; work write-up and cost estimate with a "cover history page" that notes dates of inspection, persons in attendance at walk through and any special circumstances. Repairs will be done in order of their priority to correct any health, safety or building code violations identified by the Construction Manager.
6. For properties that are deemed eligible, program staff will prepare four (4) bid packages (three (3) bid sets and one (1) owner file copy) with contractor bidding instructions and requirements, for transmittal to Contractors on the City's Approved Vendor List to obtain bids. Where lead-based paint is present on the property, a copy of the lead-based paint risk assessment shall also be attached to the work write-up.
 - a. Bidding Instruction shall include the bid submission process, contractor insurance requirements, permit responsibilities, payment procedures, procedure for any substitution of specified work scope fixtures or materials, contracting requirements, certification and licensing requirements and a short summary of construction expectations.
7. If the property is not suitable for rehab (no violations or rehab is too extensive) or if the owner drops out, a termination letter will be prepared by City staff.

C. CONTRACTOR SELECTION PROCEDURES

1. Procurement. The City shall put forth good faith effort into obtaining a minimum of three (3) bids for the proposed work. Owners should screen any contractors who are providing bids on the work. Estimates shall be submitted in the form prescribed by the Construction Manager to the applicant. The scope of work must be identical among the contractors who bid the work.

2. Selection. The contractor who is considered to be the lowest responsible bidder and is cleared by both the General Services Administration (GSA) System for Award Management (SAM) and the State of California Contractors State License Board (CSLB) will be awarded the contract.

Any contractor with lapsed insurance or contractor's license shall be removed from the job until he/she is able to provide proof of current insurance and/or license. All contractors shall be required to obtain any required approvals, City business license and building permits prior to commencing work.

3. Ineligible Contractors. In accordance with HCD requirements, and the City guidelines, the City and the applicant(s) shall agree not to award any contract for rehabilitation work, to be paid for in whole or in part with proceeds from any BHA rehabilitation program, to any contractor who is not a California licensed contractor, who cannot produce sufficient evidence of current Workman's Compensation and Liability Insurance Coverage, or who is on the Excluded Parties List, or on the City's list of unreliable or irresponsible contractors.

IX. ELIGIBLE COSTS

- A. Eligible Hard Costs - Program funds are available for rehabilitation costs to the property that correct substandard conditions, and which are physically attached to the property and permanent in nature, as follows:
 1. Fumigation and treatment of termites and pest control. Repair or replacement of wood damaged as a result of termites.
 2. Exterior work to help preserve or protect structures such as painting, roofing, siding, or grading of site to control flooding, skirting, re-leveling, bracing, repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage and repair of driveways. Repair of fencing (wood, cinder block or chain-link). Fence and driveway repairs shall be permitted ONLY after all structural improvements have been completed pending project funding availability. If non-habitable portions of the property are repaired the cost allocation will be limited to a total of twenty-five percent (25%) of the total project cost.
 3. Interior work to make a structure more livable and repair/replace/ restore important parts such as cabinets, counters, plumbing, damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service.
 4. Weatherization and energy conservation items such as insulation, caulking, weather-stripping and window coverings, energy saving windows, low-flow water closets and water supply fixtures.
 5. Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, faucet lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, grab bars, handrails, ramping, reconstructing doorways and the lowering of sinks in kitchen and bathrooms.

B. Eligible Soft Costs and Activity Delivery Costs (not specific to homeowner request) – Other reasonable and necessary costs incurred and associated with the financing, or rehabilitation of housing assisted with BHA funds. These costs include, but are not limited to:

1.

1. Project-related professional services including architectural, engineering or related services required to prepare plans, drawings, inspections, specifications, or work write-ups.
2. Costs of a project audit that the City may require with respect to the development of the project.
3. Costs to provide information services such as affirmative marketing and fair housing information.
4. Reimburse or fund the costs of appraisals, title insurance, credit reports, and recording fees.
5. Costs associated with financing and processing including:
 - a. Building permits/local impact fees
 - b. Legal Fees
 - c. Application fee, if any
8. Materials used for the EEMRP shall conform to the specifications designed by staff and Construction Manager. If the owner-applicant does not approve of the materials to be used, the affected construction shall be deleted in its entirety.
9. Exterior and interior abatement/treatment of lead-based paint hazards.

C. Site Preparation

1. On-site improvements to the project site that are in keeping with improvements of surrounding, standard projects, like off-street parking if generally provided in similar buildings, landscaping, fencing and ground cover.
2. Costs to demolish existing non-compliant structures.

X. **INELIGIBLE COSTS**

BHA Program funds may not be used for:

A. Ineligible improvements include the following:

1. Repair, purchase or installation of household appliances, which are designed and manufactured to be freestanding.
2. Recreational items such as barbecues, bathhouses, greenhouses, spas, jacuzzis, swimming pools, saunas, television antennae, tennis courts.
3. Luxury items which include, but not limited to, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops.

4. Materials, fixtures, and installations which are considered luxury in nature.
 5. Any repairs which in the determination of the City do not meet the intent of the EEMRP.
- B. Refinancing existing debt.
- C. Reimbursement for an owner's personal labor.

XI. CALCULATION OF SUBSIDY

BHA Program subsidies shall be calculated to consist of funding for actual eligible rehabilitation costs, not to exceed \$10,000 per household.

No developer fees shall be paid as part of the project construction or soft costs.

XII. SECURITY

EEMRP forgivable loans will be provided to eligible property owners from the City in an amount not to exceed \$10,000. EEMRP's will be evidenced by a promissory note secured by a Deed of Trust on the property. The EEMRP loan shall be forgiven after five years if no triggering events as described below occur.

- XIII.** For eligible rehabilitation projects, maximum amounts of \$10,000 will be funded. If at any time during the first five years after project completion the homeowner sells the home, changes title, or no longer occupies the home, then all or a portion of the forgivable loan must be repaid as described in Section VII. B. After five years, the loan is fully forgiven.

XIV. 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 BHA funds.

XV. FAIR HOUSING

The City has affirmative marketing procedures and requirements for BHA-assisted housing projects. These may include:

1. Press Release.
2. Advertise in local newspaper and minority publications to solicit applications from residents who are not likely to apply without special outreach.

XVI. LEAD-BASED PAINT

Properties constructed prior to 1978 will require that a Lead-based Paint Notice be given to all property owners. This notice shall be provided immediately upon notification of owner's

participation in the EEMRP, and will be included with the notification letter. Owners will be informed that their home will be tested for the presence of lead-based paint and, if necessary, this paint shall be removed or otherwise abated during the rehabilitation process. The City will test BHA assisted properties constructed before 1978 for the presence of lead-based paint utilizing a licensed third party vendor as needed to comply with the Federal Regulations. Any lead-based paint found as a result of these tests shall be addressed in accordance with the requirements of 24 CFR Part 35, and will constitute a **PRIORITY** item for rehabilitation.

XVII. DEBARMENT AND SUSPENSION

As required, the City and Property Owner will comply with all contractor debarment and suspension certifications. The City will verify clearance with both the www.sam.gov website and with the California Contractors State License Board.

XVIII. LOAN DOCUMENT PREPARATION AND LOAN CLOSING

- A. When work bid proposals are complete, loan approval obtained, and the bid awarded with notifications going to the awarded contractor and non-awarded contractors, the City shall present each eligible applicant with the following standard Loan Document items:
1. Promissory Note
 2. Deed of Trust
 3. Construction Contract (between Owner and Contractor)
 4. Right of Rescission
 5. Truth In Lending Statement
 6. Notice of Right to Cancel
 7. Additional items may be requested
- B. All program legal documents shall be approved as to form by the City Attorney prior to their use.
- C. Upon loan approval and execution of the construction contract between the homeowner and the contractor, funds shall be placed into a disbursement account. City staff will issue a Notice to Proceed to the homeowner, contractor and construction manager.

XIX. CONSTRUCTION PROCEDURES

- A. Upon contractor selection and full execution of individual Rehabilitation Agreements by the affected property owners (which shall list work as described in the bid specifications), staff will issue a Notice to Proceed. At that time, the contractor will carry out the required work under the supervision of the homeowner. Work shall commence no later than ten (10) days following the 3 day Right of Rescission and be completed no more than thirty (30) days after the start date.
- B. Property owners and staff shall release program loan proceeds in accordance with the Construction Contract. For each payment request received, the Construction Manager shall perform a physical inspection of the property to determine that the work for which payment is being requested is completed properly. Documentation of the inspection and a signed

approval by the Construction Manager and owner specifying the work performed shall be placed in the project file.

- C. Individual rehabilitation projects will be closed subsequent to Building Department staff approval of the work performed (if a permit is required and issued, a signed/approved City Building Permit). If no permit was required, the Construction Manager shall attest to the completion of all requirements of the construction agreement.
- D. Upon completion of all contracted construction the Construction Manager shall prepare a Certificate of Completion, obtain signature from the property owner, and transmit for recordation with the County Recorder.
- E. Following completion of the 35 day retention period, the Construction Manager shall contact the homeowner to determine if any preliminary notices have been received or if there are any final concerns with the repairs performed. If not, then the final 10% retention payment shall be processed

XX. CONSTRUCTION MANAGEMENT

- A. The Construction Manager shall be responsible for conducting initial, interim, and final inspections for participating properties
- B. The Construction Manager shall determine initial areas where health, safety, building, city, and other codes must be addressed and will monitor progress in correcting these deficiencies.
- C. The Construction Manager shall identify all rehabilitation activities to be conducted and shall create a work-write up which addresses all code requirements and rehabilitation activities, lead-based paint testing and removal/abatement, if necessary, while excluding all ineligible activities.
- D. The Construction Manager shall conduct all interim progress inspections to ensure the continued quality of all construction, including adherence to the scope of work and all building codes. All such inspections shall be conducted prior to the release of any progress payments (if applicable). Photographs will be taken before, during and upon completion of all eligible construction items as per the project bid specifications being funded by the City through its EEMRP.

XXI. DISCLAIMER

This application package is an important legal document, and in all respects has been voluntarily and knowingly executed by the Applicant(s). The Applicant(s) hereby acknowledge that he/she/they: (i) have read, in its entirety this application package, including any and all attachments hereto; (ii) understand the respective contents and requirements of each document, (iii) sought legal advice, if desired, concerning the legal effect of this application package and the program; (iv) shall indemnify and hold harmless the City of Banning and Banning Housing Authority (BHA) (including its employees, representatives, agents, or officials) from any claims, actions, suits, or litigation, whether monetary or otherwise, that may be asserted by the Applicant(s) or any third party person, firm, or entity arising from the performance of the City or BHA in

considering/approving the application; and (v) without reservation agree to be bound by all the terms, requirements and obligations of this application package and the program.

The current Income Limits adjusted for household size for Riverside County are as follows:

2018 Income Limits – Riverside County

Household Size	Extremely-Low Income Equal to or less	Very Low Income 31% to 50% of Area Median	Lower Income 51% to 80% of Area Median
1	\$14,150	\$23,600	\$37,750
2	\$16,460	\$27,000	\$43,150
3	\$20,780	\$30,350	\$48,550
4	\$25,100	\$33,700	\$53,900
5	\$29,420	\$36,400	\$58,250
6	\$33,740	\$39,100	\$62,550
7	\$38,060	\$41,800	\$66,850
8	\$42,380	\$44,500	\$71,150