

**City of Banning**  
**Energy Efficiency Rehabilitation Program**

**Program Guidelines**

August 2018

## **I. PROGRAM OVERVIEW**

### **A. Purpose**

Banning Housing Authority's (BHA) Energy Efficiency Rehabilitation Program (EERP) is to provide grants of up to \$2,000 or forgivable loans of up to \$5,000 to homeowners of single-family detached dwellings for the performance of energy efficiency home assessments and eligible home improvements that increase energy and water efficiency of their home. Grants and forgivable loans shall be provided to eligible extremely low, very low, and lower income homeowners of owner-occupied single-family detached homes to cover the cost of approved energy efficiency rehabilitation repairs. The EERP's detailed applicant(s) eligibility criteria are outlined under Section II.

### **B. Source of Funds and Relationship with Grantor**

The EERP is funded by the Banning Housing Authority (BHA), and as such, applicants must meet certain state requirements to participate in the program. As such, the City must demonstrate that funds used for this program benefit extremely low, very low, and lower income persons, reduce energy usage and/or improve water efficiency.

As a disbursing agent for these funds, the City of Banning will provide administrative services for housing rehabilitation activities. As such, the City is responsible for marketing the EERP, processing and packaging all rehabilitation grants and forgivable loans it obtains for the EERP, performing on-site inspections, and acting as a quality agent relative to EERP activity.

### **C. Types of assistance available**

Subject to funding availability, assistance shall be available to eligible homeowners in the form of a grant of up to \$2,000 or a forgivable loan of up to \$5,000 per qualified household.

## **II. APPLICANT ELIGIBILITY REQUIREMENTS**

### **A. Income Eligibility Standards Based on Household Size and Income**

Participation in the EERP is limited to applicants that meet the California Department of Housing and Community Development's (HCD) definition of an extremely low, very low, or lower-income household adjusted for household size, based on the current HCD Published Income Limits for Riverside County.

Note: HCD updates the income limits annually.

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

**2018 Income Limits – Riverside County**

<b>Household Size</b>	<b>Extremely-Low Income</b> Equal to or less than 30% of Area Median	<b>Very Low Income</b> 31% to 50% of Area Median	<b>Lower Income</b> 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

The City will require documentation of household size, household income, and property ownership information in order to determine applicant eligibility. Each applicant’s income must be verified by source documentation, such as Income Tax Returns, Profit and Loss (P&L) Statements, Paystubs, Annuity Statements, and/or other verifiable forms of income.

*Definition of Household:*

For the purposes of determining EERP eligibility, “household” is defined as all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. Some exceptions, such as a person renting a room from the household, may apply.

*Definition of Annual Income:*

For the purposes of determining EERP eligibility, the City will use the “Part 5” Method for calculating household income, found at 24 CFR Part 5 (Section 5.600, et seq.). The City will take into account all household members’ annual gross income, which must be substantiated by source documentation. To determine eligibility, the calculated household income will be compared against the applicable HCD-Published Income Limits for Riverside County adjusted for household size. The City retains the discretion to make determinations in instances not addressed by the HCD publications.

## **B. Property Ownership**

The applicant(s) must be the current owner(s) of the property and live on the property to be rehabilitated as their principal place of residence, in order to be eligible for EERP assistance. The existing grant deed must list all current owners of the property. Property owner(s) shall be construed to be any person(s) or legal entity that holds title to the property being rehabilitated. In instances of multiple-ownership, the signature of each title-holder is required on all appropriate documents. The City will verify property ownership and require all persons currently on the title to give written consent to all work proposed to be done on the property, prior to contracting or initiating such work. In the case where the forgivable loan option is exercised, all property owners will be required to consent to a promissory note secured by a Deed of Trust against the property.

## **C. Application Procedures**

A Program Application for participation in the EERP must be obtained from and returned to the Community Development Department at City Hall, located at 99 E. Ramsey Street. The application must be completed in its entirety and submitted with the following documentation in order to determine eligibility:

1. City Application;
2. Verification of *all personal income* which includes, but is not limited to, applicant's three (3) most recent pay stubs, Social Security checks, pension and retirement checks, or other acceptable income; and State and Federal Income Tax returns for the previous year (*2 years if applicant is self-employed*);
3. Copy of recent property tax bill or grant deed as proof of ownership of the single-family residence;
4. Proof of residency at the applicant's residence (i.e. Utility Bill);
5. Copy of insurance policy for the property;
6. Copy of identification with photograph. (i.e., drivers license, passport, etc.); and
7. A prioritized and itemized list of the rehabilitation work requested to be performed.

## **D. Applicant Priority and Wait List**

Upon receipt of a complete application (described in II.C above), staff shall place each applicant's name on a list of eligible projects in order of receipt of the signed Application and supporting 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 EERP.

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.

**E. Eligibility Based on Past Participation in City Housing Programs**

As a special purpose activity, the EERP is closed to all recipients of current or past participation in City Housing Programs (i.e. Energy Efficiency and Minor Repair Program, Downpayment Assistance Program). Only one EERP grant is available per property.

**III. PROPERTY ELIGIBILITY REQUIREMENTS**

**A. Eligible Properties**

To be eligible for the EERP, the property to be repaired must be zoned and used for single-family residential purposes and located within the city limits of the City of Banning.

**B. Minimum Property Rehabilitation Standards**

As a limited scope program directed solely at providing energy efficient improvements, the program may not address all property deficiencies. Identified conditions not addressable under the EERP, which are detrimental to public health and safety, or which warrant repairs shall be referred to the City's Energy Efficiency and Minor Repair Program, subject to program eligibility.

**C. Eligible Structures**

Buildings or structures eligible for rehabilitation under the EERP are owner-occupied detached single-family dwellings. The applicant must allow full exterior and interior inspections of the property by the City staff and/or consultants.

**D. Eligible and Ineligible Rehabilitation Activities**

The City, at its sole discretion, will determine which repairs are eligible under the EERP. Repairs that may be **eligible** through the Energy Efficiency Rehabilitation Program include:

1. Cost effective energy conservation measures, including refrigerator coil brush, energy monitor, water pipe insulation sizing samples, compact fluorescent bulb, and low-flow faucet aerators;
2. Cost effective water conservation measures, including kitchen and bathroom

- aerators, garden trigger spray nozzle, low-flow shower head and a leak detector for the toilet;
3. Residential energy audit to help assess how much energy your home uses and to evaluate what measures are needed to help improve energy efficiency;
  4. Residential water conservation audit includes indoor and outdoor leak detection and repair or replacement recommendations and water conservation information;
  5. Energy Star qualified programmable thermostats, where a non-rated thermostat exists;
  6. Energy efficiency LED or fluorescent lights (only in locations already existing i.e., recessed ceiling mount can lighting fixtures);
  7. FAU and HVAC duct repair and sealing;
  8. Lead-based paint testing, project based remediation, and clearance, when required based on the proposed scope of work;
  9. High efficiency toilets;
  10. Caulking around plumbing penetrations, windows and exterior and interior door frames (openings);
  11. Weather stripping around doors and windows;
  12. Dual-Flush toilet converters that turns standard toilets into dual flush fixtures with a split handle actuator designed to help reduce water usage;
  13. Energy Star rated gas (tank or tank-less) water heaters or furnaces;
  14. Any items determined eligible by the City in conformance with funding requirements.

The following improvements are **not eligible** for financing through the Energy Efficiency Rehabilitation Program.

1. New construction;
2. Reimbursement for an owner's personal labor;
3. Appliances;
4. Improvements which are not performed on the habitable portion of the residence;
5. Improvements or repairs on any recreational equipment, recreational facilities, or recreational areas of the property, inclusive of pools, bath houses, spas, saunas, hot tubs, porches, gazebos, sun-rooms, barbecues, or other such facilities or accessory structures;

6. Repairs that are interim in nature;
7. Repairs which are not permanent in nature, and which do not constitute a fixture;
8. Improvements to security systems or devices;
9. Landscaping; and,
10. Any items considered to be luxury items or otherwise ineligible as determined by the City.

**NOTE:** This list of eligible and ineligible improvements is not exhaustive. The City maintains the discretion to determine the eligibility of any proposed improvement.

#### **IV. PROGRAM PROCEDURES**

##### **A. Applicant Intake and Eligibility Determination**

###### **1. Pre-Screening**

To the extent feasible, prospective applicants shall be pre-screened for basic eligibility requirements in person, or over the telephone by calling the City of Banning. A log of contacts shall be maintained by the City.

###### **2. Application**

Persons may apply for Energy Efficiency Rehabilitation Program funds by completing application forms available at the City and submitting such materials to the City of Banning, attention Community Development Department, Energy Efficiency Rehabilitation Program. Completed applications are processed on a first-come, first-served basis.

If an emergency condition exists, an applicant may be advanced before other applicants, at the discretion of the City. The determination of an emergency will be made on a case-by-case basis by the City when immediate rehabilitation is necessary to address emergency situations addressable under the allowable improvements provided under the program, such as non-functioning hot water heaters, or furnaces.

###### **3. Verification and Eligibility Determination**

The City shall verify all sources of household income in accordance with guidelines established by HCD. Household income must be verified before applicant eligibility can be established. Income verification information shall be updated and applicant

eligibility re-determined if such information is more than six months old prior to the beginning of rehabilitation work. Applicants will be notified in writing regarding eligibility status.

#### **4. Rehabilitation Feasibility Determination**

Once an applicant is determined to meet eligibility requirements, an initial inspection of the property will be made by the City to determine the extent of any repairs that may be performed through the EERP. All required lead based paint testing shall be performed in conformance with Federal, State, and City requirements. Any required lead remediation shall be incorporated into the proposed scope of work for the property. A Work Write-up and cost estimate will be prepared by a Contractor for presentation to the City Housing Programs Manager.

#### **5. Processing**

As a goal, processing time from the date the application is activated and deemed eligible for assistance under the Program until a grant is approved or denied shall be approximately thirty (30) days.

#### **6. Approval and Notifications**

The grant/forgivable loan shall be approved by the Housing Programs Manager or City Manager. In order to obtain financing, applicants must meet all property and eligibility guidelines in effect at the time of funding approval. Applicants will be provided written notification of approval or denial. Reasons for project denial will be provided to the applicant in writing.

### **B. Procurement and Contractor Selection, if applicable**

#### **1. Procurement**

The property owner(s) shall be responsible for obtaining a minimum of three (3) bids for the proposed work, if applicable. Owners should screen any contractors who are providing bids on the work. Estimates shall be submitted in the form prescribed by the Energy Efficiency Rehabilitation Program. 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 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 City guidelines, the City and the applicant(s) shall agree not award any contract for rehabilitation work, to be paid for in whole or in part with proceeds from the Energy Efficiency 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 DOL Excluded Parties List, or on the City's list of unreliable or irresponsible contractors.

### **4. Property Owner Installation**

The property owner(s) may choose to conduct some of the work, such as installing energy efficient light bulbs, shower heads, and/or thermostats. Items such as toilet replacement and gas or solar water heaters require a City no-cost permit and may require contractor installation. The City maintains the discretion to determine the proper mode of installation of any proposed improvement. Property owners that have elected to, and have been permitted by the City to conduct any part of the scope of work under the EERP must execute a liability waiver for said work. The property owner(s) will not be eligible to reimbursement for labor by the City for any installation described herein and must be pre-approved by the City before contract is awarded to a contractor to complete the work contained within the Scope of Work.

## **C. Award of Contract and Pre-Construction Conference**

### **1. Rehabilitation Construction Contract**

Upon full execution of individual EERP Agreements by the affected property owners (which shall list work as described in the bid specifications), contractor selection and/or homeowner installation request, staff will issue a Notice to Proceed.

### **2. Private Arrangements**

The City cautions the property owner and the contractor not to enter into "side deals" for additional work or deviations from the approved work write-up. No unauthorized work will be compensated by the City to a contractor.

### **3. Pre-Construction Conference**

A Pre-Construction Conference shall be held and attended by the Home Owner(s), the selected Contractor to perform the work, and the City to discuss program

requirements, the work to be performed, the period of performance, and any other pertinent information prior to the commencement of construction.

**D. Start of Construction**

No work shall commence until a “Notice to Proceed” has been issued to the contractor, signed by the property owner and the City representative. In addition, no work shall commence until any required permits have been issued by the Building Department (i.e toilets and gas water heaters).

Work shall commence no later than seven (7) days from the date on the Notice to Proceed and shall be completed within thirty (30) days after the start date.

**E. Payments to Property Owner or Contractor and City Inspections**

**1. Inspections and Complaints**

To ensure the integrity of the authorized repair work, the City inspector shall conduct site inspections prior to the issuance of progress payments and prepare detailed inspection reports, identifying any deficiencies in a contractor’s materials or workmanship. These reports shall be reviewed and signed by the homeowner.

**2. Payment Request Packages**

The property owner or contractor shall submit payment request packages to the City in the prescribed format. All requests shall be signed by the contractor, homeowner, and City inspector, certifying that the work has been satisfactorily completed. All pertinent invoices, mechanic’s lien releases, certifications, and copies of applicable permits shall be attached to the payment request. All checks issued by the City for eligible work performed in connection with the EERP will be made payable to the Contractor. The final payment request must also include the owner’s certification of acceptance, Building Department sign off card, warranties for all warranted products installed, and an owner executed Notice of Completion. Payment request packages shall be submitted to the City for approval. A maximum of two (2) progress payments, minus a ten percent (10%) retention may be submitted. The final payment for the 10% retention shall be paid 35 days after the Notice of Completion is recorded.

**F. City and Applicant Responsibilities**

**1. Property Maintenance**

Homeowner(s) are responsible for property maintenance during the rehabilitation work in conformance with the Banning Municipal Code. The homeowner(s) are also responsible for ensuring that the rehabilitation work is not impeded because of an un-maintained property, personal property which requires relocation, and ensuring

that items of value, including pets, are secured. If a contractor is completing work, the contractor and his/her employees shall provide adequate protection to the property, both interior and exterior, during the rehabilitation process.

## **2. Property Tax Bills**

A copy of current property tax bills for the subject property must be submitted to the City as part of the application process. The property owner(s) is/are responsible for insuring that the property taxes are current. If an applicant's property tax statement indicates a delinquency at the time of the EERP application, the City shall not proceed with application processing until it is supplied with a Certificate of Redemption (or equivalent) from Riverside County Tax Assessor's Office.

## **3. Notice of Completion**

The property owner(s) are responsible for executing a Notice of Completion within 10 days of the completion of the work.

# **V. OTHER PROGRAM REQUIREMENTS**

## **A. Lead-Based Paint and Asbestos Notification During Application Phase**

The following documents shall be provided to all applicants: "Watch Out for Lead Based Paint Poisoning," "Protect Your Family From Lead in Your Home," and "Asbestos in Your Home." A Lead-Based Paint and Asbestos Notification Confirmation shall be provided to all applicants by the City as part of the application process. Such confirmation shall be signed and dated by the applicant and a copy shall be maintained in the project file.

## **B. Bilingual Printed Materials**

The City shall develop marketing material to inform residents of the EERP, general program guidelines and application procedures and shall ensure that bilingual materials are available for homeowners whenever possible.

# **VI. AMENDMENTS**

Amendments to these guidelines may be made from time to time by the City. Authority to modify elements of the guidelines shall rest with the City Manager, or designee.