



State of California Department of Housing and Community Development Program Policies and Procedures

Subject: Owner-Occupied Rehabilitation/Reconstruction Program (OOR), Community Development Block Grant - Disaster Recovery (CDBG-DR)

Version: Version 4.0

Overview

1. Purpose: To establish the policies and procedures for the administration of the OOR program.
2. Applies to: All HCD employees, individuals and organizations representing HCD while administering the OOR program.
3. Cancels: Version 1.0 and Version 2.0, and Version 3.0
4. Originator: ReCoverCA OOR Program
CDBG-Disaster Recovery Branch Housing
Section Division of Financial Assistance –
Federal Program

Version	Approved By	Effective Date
4.0	Stacy Rodgers CDBG-DR Section Chief	1/11/2023
3.0	Stacy Rodgers CDBG-DR Section Chief	7/1/2022
2.0	Joseph M. Helo OOR Program Manager	1/27/2022

Version Policy

Version history is tracked in the table below, with notes regarding version changes. The dates of each publication are also tracked in the table.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

Owner-Occupied Rehabilitation/ Reconstruction Program Policies and Procedures Version History

Version Number	Date Revised	Key Revisions
Final V1.0	12/22/2020	Policies and Procedures are subject to change at the sole discretion of the Owner-Occupied Rehabilitation/ Reconstruction Program.
Final V2.0	01/27/2021	<ul style="list-style-type: none"> • Program funding cap increased to \$500,000 • Tier priority updated to include priority to Applicants without a Certificate of Occupancy, Temporary Certificate of Occupancy, or Temporary Use Permit. • Removal of requirement for properties to be vacant at the time of application. • Removal of requirement to acquire and maintain fire insurance. • Definitions: added Offset, FHSZ and WUI Area • Duplication of Benefits section(s) updated to clarify that CalHome and SSBG funds are not counted as a duplication. • Updated list of documents accepted for primary residency • Housing counseling requirements added • Application document list updated by adding the Household Income Certification form and the Homeowner Grant Application Certifications form. • Updated award process from executing a grant agreement to acceptance of a grant amount acknowledgment
Final V3.0	6/28/2022	<ul style="list-style-type: none"> • Clarified the appeal process • Updated definition of Damage Assessment, Estimated Cost of Repair, Grant Award Acknowledgement, Qualifying Disaster, and Reconstruction • Clarified the situations when Solution 2 is applicable • Clarified that violation of the stop work order will result in ineligibility • Clarified the situation when the program may refer to the Office of Inspector General • Clarified the policy and process for model and structure type verification

		<ul style="list-style-type: none"> • Clarified the Duplication of Benefits process
Final V4.0	1/11/2023	<ul style="list-style-type: none"> • Reorganized document for plain language and better reading accessibility. • Updates to processes and descriptions throughout to include: <ul style="list-style-type: none"> • Special Review Hold • Updated Income Determination Process • Unresponsive Applicants and Voluntary Withdrawals • Terms around HOAs • Standards for Heir Applicants • MHU moves • Income Review Process • Scope Reduction Policy • Repayment of Excess DOB

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Section 1: Program Purpose and Overview

In response to qualified presidentially declared disasters, the California Department of Housing and Community Development (HCD) developed the ReCoverCA Owner-Occupied Rehabilitation and Reconstruction Program (“OOR” or “Program”) to assist eligible homeowners in the rehabilitation or reconstruction of their disaster- damaged homes.

While no homeowner can or will be “made whole” from their loss, the Program provides grants up to \$500,000 as gap funding for reconstruction of modest homes for eligible Households.

To determine the award amount, the Program determines an applicant’s “total need” by generating a Scope of Work (SOW) which factors in the actual cost to reconstruct the home including site-specific costs. The program will then deduct the total Duplication of Benefits (DOB) the applicant previously received from the SOW amount. If there is remaining need after all DOBs have been applied, the applicant is eligible for an award of up to \$500,000. If the remaining total need, less DOBs, is under \$500,000, an award is issued. If an Applicant’s DOB is greater than total need, no award is issued. If the applicant’s remaining need is greater than the \$500,000 grant cap, then the applicant will have to provide funds to cover the difference between the grant cap and remaining need, or the Program will not be able to continue with the project.

To apply for the program, homeowners must first complete the Disaster Housing Assistance Survey available on the Program website. Potentially eligible homeowners are then invited to complete a grant application.

The Program serves homeowners whose homes sustained damages in the areas impacted by federally declared disasters.

The Program assigns homeowners to one of two program solutions: Program-managed construction (Solution 1) or homeowner-managed construction (Solution 2).

Applicants are prioritized according to the location of the property, household income, and extent of damages. A case management team will assist Applicants in navigating the Program.

As a condition of funding, the homeowner is required to meet program requirements, including maintaining ownership and occupancy of the home as their primary residence for a period of 24 months after Program rehabilitation or construction is completed. See Section 11: Construction Closeout, Applicant Compliance, and Monitoring for more details about compliance and monitoring.

The purpose of this document is to outline the governing policies and procedures of the Program. As periodic updates are required to these policies and procedures, new versions will be posted on the HCD disaster recovery website <https://www.hcd.ca.gov/grants-and-funding/recoverca/program-resources> with a description of the changes made.

Section 2: Program Description

2.1 Roles and Responsibilities

A. HCD

HCD's Federal Recovery Branch is responsible for Program development and oversees its delivery at the state level. HCD has procured qualified vendors to perform full scale program implementation. HCD provides oversight, monitoring and quality assurance/quality control (QA/QC) on all work performed by the vendors.

B. Homeowner Assistance Program Management (HAPM) Vendor (Case Management)

The Homeowner Assistance Program Management (HAPM) vendor is responsible for marketing, distribution, and implementation of the Program, including the application process, overseeing intake, completing eligibility and benefit determinations, providing case management through the process, QA/QC to ensure Program compliance and prevent fraud, waste, and abuse, and serving as a liaison between Applicants and the Construction Management vendor.

C. Construction Management (CM) Vendor

The Construction Management (CM) vendor performs or causes to be performed the housing Rehabilitation, Reconstruction and MHU Replacement work under the Program. The CM is responsible for completing initial home inspections and Environmental reviews, determining costs to Rehabilitate or Reconstruct (generating the ECR), developing the construction Scope of Work for all approved projects directly or through general contractors, developing plans for Reconstruction projects, monitoring progress and closeout on all construction progress, as well as overseeing the draw request process.

2.2 Program Solutions

The two Program solutions are Solution 1 (Program-managed reconstruction) and, under certain circumstances, Solution 2 (Homeowner-managed reconstruction).

The Recover CA program assigns Applicants to the correct solution based on the progress made on their Rehabilitation or Reconstruction. Properties that do not meet the required progress benchmark and contracting requirements, as determined by the initial site inspection conducted by the CM will automatically be assigned to Solution 1.

For both Solution 1 & 2 projects, self-supplied materials or labor are not qualified for CDBG-DR reimbursement, credit, or repayment requests. Eligible repair offset credits will be provided for all documented and properly completed work based on unit pricing and labor costs established by the

Program.

A. Solution 1: Program-Managed “Turnkey” Rehabilitation and Reconstruction

For eligible Homeowners assigned to Solution 1, the Program will manage and complete the rehabilitation or reconstruction of their impacted homes using the state-procured CM.

This solution may include a full reconstruction or rehabilitation, depending on the condition of the home. During construction, the homeowner must vacate the property at their own expense. Exceptions can be made on a case-by-case basis.

For reconstruction projects under Solution 1, the Program offers specific new house designs in varying square footage configurations for 2, 3, or 4-bedroom homes. Under Solution 1, the Program will Reconstruct homes using the [Minimum Architectural and Design Standards](#) defined by the Program and does not provide customized home designs.

All Replacements of mobilehomes or MHUs fall under Program Solution 1.

B. Solution 2: Homeowner-Managed Construction – Rehabilitation and Reconstruction

Properties will **only** be eligible for Solution 2 if:

- The damaged property has completed the construction progress milestones associated with the 25% Stick-built Draw Intervals (see section 9.2). All construction must be fully permitted and have utilized a construction contractor who holds a Class B General Contractor’s license from and in good standing with the California Contractors State License Board (CSLB), AND
- All work has stopped after submitting the application, and only restarted after the Program provides an environmental clearance,¹ AND
- The homeowner currently holds an active construction contract with a construction contractor who holds a Class B General Contractor’s license from and in good standing with the CSLB for completion of the Reconstruction project to all federal, state and local codes and requirements. Insurance levels need to be adjusted to meet Program requirements (amounts will be specified in the construction contract with the Program’s CM).

The Program does not recommend starting a project to qualify for Solution 2 if the applicant does not have sufficient funds to complete it.

The Program is not responsible for any homeowner who has pulled permits, paid for design work, or has signed construction contracts without having all funding in place to complete construction.

¹ Program is required to place all projects on a stop-work status to comply with federal regulation 24 CFR 58.22.

Due to the inherent risks associated with taking over a build from a construction contractor, under no circumstances will a Rehabilitation or Reconstruction project be started by a private contractor and finished by the Program.

Once a Solution 2-eligible Applicant applies to the Program, CM will send a team to verify status of the already completed Work in Place (WIP) and to produce an Estimated Cost to Complete/Work in Place (ECC/WIP) Report based on how much work is required to complete the reconstruction/rehab project.

The dollar value of the Solution 2-eligible Applicant's WIP will be counted against the Applicant's existing Duplication of Benefit (DOB) amount received by the Applicant, if any (otherwise called a "WIP offset"). The remaining funds from the Applicant's DOB after WIP offsets will then be compared with the ECC/WIP Report for final award determination and to determine what the homeowner required contribution amount will be (also known as escrow amount), if any.

Per federal environmental regulations outlined in section 7.4, Solution 2 Applicants must stop work immediately upon submitting their application to allow the CM to complete an Environmental Review. After the Environmental Review is completed, Applicants will be issued an environmental clearance from the Program. If a Solution 2 Applicant chooses to resume work after obtaining environmental clearance, it will be entirely at their own risk. An environmental clearance from the Program does not mean OOR funds have been, or will be, committed to the Applicant's project.

In addition to all the required eligibility documentation detailed in Sections 4 and 5 herein, Solution 2 Applicants must also submit the following documents during intake and eligibility review:

- Permitted Version of Applicant's building design plans and specifications
- Evidence of a signed and active construction contract between the Applicant and their general contractor
- Evidence of proper licensing and insurance for Applicant's general contractor
- All required building permits

Since these are needed for eligibility, failure to produce those minimum required documents will prevent the Applicant from proceeding with a Solution 2 project. If the Applicant falls out of compliance with the terms of the CM construction agreement after signing, then the Applicant may become ineligible to proceed with the project or may have to repay Program funds (See Section 10.4: Grant Recapture, for additional information).

The Applicant manages the entire project under the oversight of the Program CM. If the Applicant has already begun a project that meets Solution 2 requirements, the Program will not "take over" that project as the general

contractor. Applicants who have already started a project must use their own general contractor to complete the project.

For Solution 2 Applicants, the Program CM is required to do the following:

- Review Applicant-provided plans and contractor bids, to approve and ensure cost reasonableness and all code and qualified repair item requirements are being met before owner financing or additional funds can be used for any non-eligible repair items so that assistance only supports what is necessary and cost reasonable
- Complete Environmental Services site inspections in accordance with The California Environmental Quality Act (CEQA) standards and exemptions as applicable.
- Complete Environmental Services site inspections in accordance with The National Environmental Policy Act (NEPA) standards.
- Monitor, oversee, and inspect the construction progress for quality assurance, and to verify and approve that completed work items are consistent with the approved plan and specifications in support of progress payments.
- Conduct milestone inspections of the construction progress through substantial completion and release of final payment.

2.3 Program Assistance

Assistance for eligible Applicant's is in the form of a grant. Grants are approved for qualified Applicants after the SOW has been approved, following initial inspection and environmental clearance. The SOW is determined by a site inspection performed by the CM's qualified damage inspector and construction estimator. Once the SOW has been determined, the DOB amount is deducted, and the award amount is determined.

The maximum amount of assistance is \$500,000 per damaged structure.

Funding for all rehabilitation projects may come from two sources: 1) Applicant contribution to cover amounts that exceed the maximum grant amount and/or DOB, which must be placed in a Program-managed escrow account; and/or 2) Grant funds. Escrow funds must be exhausted first before the Program can begin disbursing Grant funds.

2.4 Program Timeline

Both 2017 and 2018 OOR Programs were fully launched in Spring 2021 and will remain operational until September 2026 (2017 Program) and September 2027 (2018 Program), until all funds allocated to the program are exhausted, or until all LMI homeowners eligible for assistance have been assisted, whichever comes first. Construction timeframes can vary depending on whether the Applicant is rehabilitating or reconstructing their property.

The CM conducts routine and periodic milestone inspections on all construction projects to ensure timely completion of construction scopes in accordance with construction plans and industry standards for safety and craftsmanship. Milestone inspections will also serve to verify that funding

requests for work complete are consistent and supported by on-site verification.

2.5 General Requirements

The Program requires the following:

- Applicant meets Applicant eligibility criteria (Section 4)
- Damaged residence meets property eligibility criteria (Section 5)
- The property must pass a federally required environmental review. Once an application is submitted, no construction may continue or begin until the environmental review is complete and any necessary scope for environmental remediation and monitoring of the required environmental remediation is included in the final estimate.
- Applicant participates in at least one housing counseling session led by a CDBG-DR funded housing counselor prior to the Applicant receiving a Grant Award Acknowledgment. (Program can grant a waiver on a case-by-case basis).
- All projects must comply with all applicable federal, state, and local codes and requirements.

A. National Objectives

All CDBG-DR Programs must meet a National Objective. All housing activities for the Program must meet the Low- to Moderate-Income (LMI) or Urgent Need (UN) National Objective as defined herein. The UN National Objective will be used when serving households above 80% Area Median Income (AMI) as identified in Section 3: Prioritization Criteria herein, if funding is available after all eligible LMI households have been served.

B. Eligible Activities

The following Housing and Community Development Act of 1974 (HCD)² activities that are eligible for CDBG-DR assistance under the Program:

- Demolition and Site Preparation
- Rehabilitation
- Reconstruction of Buildings (including Housing)

C. Ineligible Activities

The following activities are *ineligible* and CDBG-DR grant funds *cannot* be used for any portion:

- Mortgage payoffs
- SBA home/business loan payoffs
- Funding for detached structures such as garages, sheds, or accessory dwelling

² (HCD Section 105(a)(4)).

units

- Funding for portions of, or an entire property designated as a rental unit
- Funding for second homes
- Compensation payments
- Partial or incomplete rehabilitation or reconstruction of properties
- Repair or replacement of personal property or building contents
- Repair or replacement of luxury or non-critical items, such as swimming pools and security systems
- Landscaping packages outside of local code
- Additional decks, patios or covered or enclosed porches in excess of entry and egress requirements.
- Reconstruction or rehabilitation activities for homeowners that do not comply with the required environmental stop-work order as described in Section 7 herein.
- Reconstruction or rehabilitation activities for homeowners in Solution 2 that are living in their partially reconstructed home without a Certificate of Occupancy issued by their local building department.
- Any activities that do not comply with local, state and federal laws or regulations.

In addition, CDBG-DR assistance is not available for homeowners whose home was in a flood hazard zone, previously received federal flood disaster assistance, and failed to maintain the required flood insurance.

Section 3: Prioritization Criteria

Homeowners are prioritized according to the location of the property within the HUD- designated Most Impacted and Distressed areas, household income, and level of damage. It is expected that there are more eligible homeowners than can be served with available funds and low- and moderate-income households must be offered a grant award first.

3.1 Prioritization Tiers

For the 2017 and 2018 disasters, homeowners are prioritized in accordance with the tiers outlined in the table below to address two key requirements of the CBDG-DR funds:

- 70 percent of the overall allocation of CBDG-DR funding must benefit LMI populations.
- 80 percent of the CBDG-DR funds must be spent in HUD-designated Most Impacted and Distressed areas: Butte County, Lake County, Los Angeles County, Shasta County, Sonoma County, Ventura County and zip codes 95470 in Mendocino County, 94558 in Napa County, 93108 in Santa Barbara County and 95901 in Yuba County.

Using its own methodologies, HUD identified the Most Impacted and Distressed (MID) areas from the DR-4344 and DR-4353 disasters to include seven areas: Sonoma and Ventura counties, and five zip codes (93108, 94558, 95422, 95470, and 95901). For DR-4382 and DR-4407 disasters Butte, Lake, Shasta, and Los Angeles counties are identified as MID.

HUD requires that a minimum of 80 percent of all total funding is spent in these MID areas. After 80 percent of the funding is awarded in the above most impacted and distressed areas, all counties included in DR-4344, DR-4353, DR-4382, and DR-4407 are eligible for assistance:

Within each Tier, Applicants with a household member who is disabled or has access or functional needs are given priority. Also, within each tier, priority will be given to homes without a Certificate of Occupancy, temporary Certificate of Occupancy, or temporary use permit on their disaster affected permanent dwelling.

The eight (8) prioritization tiers are described below:

Tier 1

- The property is geographically located within the Most Impacted and Distressed area
- Households with Low-to-moderate income
- The property sustained Major or Severe Damage

Tier 2

- The property is located in an area that received a Federal Disaster Declaration, but not within the Most Impacted and Distressed area
- Households with Low-to-moderate income
- The property sustained Major or Severe Damage

Tier 3

- The property is geographically located within the Most Impacted and Distressed area
- Households with Low-to-moderate income
- The property did not sustain Major or Severe Damage

Tier 4

- The property is located in an area that received a Federal Disaster Declaration, but not within the Most Impacted and Distressed area
- Households with Low-to-moderate income
- The property did not sustain Major or Severe Damage

Tier 5

- The property is geographically located within the Most Impacted and Distressed area
- All household income levels, to include non-LMI
- The property sustained Major or Severe Damage

Tier 6

- The property is located in an area that received a Federal Disaster Declaration, but not within the Most Impacted and Distressed area
- All household income levels, to include non-LMI
- The property sustained Major or Severe Damage

Tier 7

- The property is geographically located within the Most Impacted and Distressed area
- All household income levels, to include non-LMI
- The property did not sustain Major or Severe Damage

Tier 8

- The property is located in an area that received a Federal Disaster Declaration, but not within the Most Impacted and Distressed area
- All household income levels, to include non-LMI
- The property did not sustain Major or Severe Damage

The Table below summarizes the eight (8) prioritization tiers described above:

Applicant Prioritization Tiers	Geography		Owner-occupant Household Income		Property Damaged by DR-4344, DR- 4353, DR- 4382, or DR- 4407
	Most Impacted Counties and Zip Codes Only	All Areas That Received a Federal Disaster Declaration	LMI Only	All Incomes	Major or Severe Damage
Tier 1	X		X		X
Tier 2		X	X		X
Tier 3	X		X		
Tier 4		X	X		
Tier 5	X			X	X
Tier 6		X		X	X
Tier 7	X			X	
Tier 8		X		X	

Section 4: Applicant Eligibility Criteria

4.1 Basic Applicant Eligibility Requirements

The following are threshold requirements, which must be met for an Applicant to be eligible to participate in the Program and receive assistance. Eligibility does not guarantee assistance.

Applicants must meet through legal documentation ALL the following threshold criteria for the Program:

- **Public Benefits Eligibility:** Applicant must be a U.S. Citizen or a qualified alien to receive federal public benefits as detailed in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- **Ownership and Occupancy:** Applicant must have owned and occupied the damaged home as their primary residence at the time of the qualifying disaster (second homes, vacation homes, and rental properties are not eligible for assistance under the Program).
 - Applicant must be current on property taxes or have an approved payment plan or tax exemption.
 - Applicant(s) must have legal authority to complete an application, provide certifications and accept their Grant Award Acknowledgment. **If one or more of the current owners of the property does not consent to fill out an application, the Program cannot provide assistance to this property.**
 - Applicant must allow access to the damaged property for all necessary Program staff.
- **Income Tiering:** Applicant must meet the household income requirements for the Prioritization Tier that the Program is currently assisting.

4.2 Required Documents

All household members qualifying for the Program based on the threshold criteria are required to submit the following documentation:

- Photo ID - Driver's license, Government issued ID, or Passport for all Applicants and co-Applicants
- Proof of Income – Most recent IRS 1040 tax return and last 2 months paystubs and/or benefit statements (social security, disability, retirement, pension, etc.). The Program reserves the right, in its sole discretion, to required additional documentation to substantiate LMI determinations. This includes claims of zero income. Not filing tax returns is not sufficient evidence of zero income since property owners must pay property taxes and general costs of living. Please see Section 4.5 herein for additional income verification requirements.
- Proof of Ownership - Property tax bill, deed, title, court order affidavit/succession, FEMA Individual Assistance (IA) funding, SBA loan approval for disaster victims or

a recent mortgage statement.

- Proof of Primary Residence - Primary residence homeowner property tax exemption, FEMA, or SBA approval letters, filed IRS 1040 tax returns for the disaster year, or voter registration card dated prior to the fire and signed affidavit.
- Disaster Assistance Received - FEMA award letter, SBA award letter, Insurance claim summary, and/or proof of any other funding that may have been given/used for home rehabilitation or reconstruction.
- Proof of Current Property Tax - Paid property tax bill. Applicant must furnish evidence that property taxes are current, have an approved payment plan or qualify for an exemption under current laws. Applicant must prove that property taxes have been paid or that one of the following alternatives have been met:
 - The property owner qualified for and received a tax deferral as allowed under local tax code;
 - The property owner qualified for and received a tax exemption pursuant to the local tax code; or
 - The Applicant entered into a payment plan with the applicable taxing authority.

The Program reserves the right, in its sole discretion, to request additional documentation to determine an Applicant's eligibility or to confirm meeting Program requirements.

4.3 Ownership

A. Ownership Requirements

The Applicant must have been the owner of the property at the time of the qualifying event. The Program establishes ownership by matching the owner's name on the application with property tax records at the time of the disaster.

The Applicant must be the current owner of the property. The Program establishes current ownership by matching the owner's name on the application with current property tax records.

If unable to obtain a match between the names on the application and the names on the property tax records, the Program requires the following documentation to satisfy the ownership eligibility requirement:

- Property tax records, showing the Applicant owned the property at the time of the disaster and matched with the most recently available tax record showing that the Applicant currently owns the property.
- Deeds or other legal documents to be reviewed on a case-by-case basis.
- Title searches conducted by the Program.

Ownership of mobilehomes and MHUs is verified by using the following documentation:

- Certificate of Title from California HCD

- County tax assessment for the structure
- Recorded lease agreement
- Bill of Sale

The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation at any point during the application process. Additional documents related to ownership of both Stick-built, mobilehome, and MHU structure types are reviewed on a case-by-case basis and in conjunction with unit size and type determinations.

For properties held in trust, ownership eligibility is verified by reviewing the applicable trust document recorded in the conveyance records of the county in which the damaged property is located.

B. Special Circumstances Related to Type of Ownership

I. Stick-built homes on leased land

Applicants with Stick-built homes on leased land must document that they: were the owner of the structure at the time of the disaster, had the repair responsibility for the home, and currently have a valid lease with enough time left to cover the duration of the project and the 24-month monitoring period. The Applicant must show that they meet these criteria by providing the following documents:

- Property tax records that show the Applicant owned the structure at the time of the disaster event;
- Signed lease for the land showing that the Applicant is the owner of the structure and is responsible for repairs to the damaged structure; and,
- Insurance policy on the damaged home naming the Applicant as the insured.

II. Mobilehomes or MHU's on leased land

Applicants with mobilehomes or MHUs on leased land must document that they owned the structure and had a valid lease on the land at the time of the qualifying event. The Applicant must show that they meet these criteria by providing one (1) of the following documents:

- Certificate of Title from California HCD
- County tax assessment for the structure
- Recorded lease agreement
- Bill of Sale

Additional documentation related to ownership of MHUs may be requested on a case-by-case basis.

III. Trust

If the title to the property is held in a Trust, the Trust must be a co-Applicant on

the Application.

At least one trustor/grantor of the trust must have occupied the damaged property as their primary residence at the time of the disaster. In the event of an irrevocable trust, the trustee or current beneficiary must have occupied the damaged property as their primary residence at the time of the disaster.

The following documents are required to confirm ownership:

1. Copy of the complete trust agreement and all amendments to show the trust's name, identification number (TIN, EIN, or SSN), the date the trust was created and amended, names of all trustor(s)/grantor(s), and the names of all trustees.

IV. Foreclosure

Applicants whose homes are in foreclosure or have been foreclosed upon since the disaster are not eligible for the Program.

V. Non-compliant with FEMA regulations

The National Flood Insurance Reform Act of 1994 (NFIRA), Public Law 103-325 as amended, contains certain provisions regarding the purchase and maintenance of flood insurance in order to qualify for Federal assistance.

Applicants who received Federal flood disaster assistance that was conditioned on obtaining flood insurance under Federal law, but who did not obtain and maintain the insurance, are not eligible for Federal disaster assistance under this program.

VI. Death of an eligible Applicant

When the Program is notified of the passing of an Applicant, the HAPM will work with the heirs/successors/estate administrators as applicable to complete a new eligibility review of the application. Specific scenarios are listed below.

Should the passing of an eligible Applicant require that construction work stops, the CM will immediately weatherize the damaged property in a manner that protects the property, preserves any partially completed work, and avoids any adverse effects of stopping construction activities.

Successors of the Applicant must provide a death certificate and provide documentation to substantiate new ownership of the damaged property, for example: will, probate documents, and/or court orders to start the new eligibility review process.

After the passing of an Applicant, the application will be reviewed in accordance with the following specific scenarios:

2. Death after Application and prior to the acceptance of the Grant Award Acknowledgment: If an eligible owner-occupant passes away prior to the acceptance of the Grant Award Acknowledgment, their heirs who were occupants at the time of the disaster and can prove current ownership are encouraged to apply to the Program.

3. Death after accepting the Grant Award Amount Acknowledgment:
4. Solution 1: If an eligible owner-occupant passes away after the acceptance of the Grant Award Acknowledgment, construction will continue while the Program determines successor ownership and updates the Application and Grant Award Acknowledgment by adding the successor(s).
5. Solution 2: If an eligible owner-occupant passes away after the acceptance of the Grant Award Acknowledgment, construction will only continue once the Program (1) determines successor ownership, (2) whether the successor will be finishing construction or not, and (3) Program updates the Application and Grant Award Acknowledgment by adding the successor(s).

The Executor or Administrator of the Estate can qualify to receive grant funds to complete reconstruction of rehabilitation on the damaged home. No additional occupancy test will be required for eligibility.

All disbursement and construction activities will continue while the Program verifies and/or completes the following:

- Receipt of the death certificate confirming that the death of the Applicant occurred after acceptance of the Grant Award Acknowledgment.
 - Receipt of a court order providing the name of the approved Executor or Administrator of the Estate of the deceased Applicant.
 - Amend the existing application to add the name of the Executor or Administrator of the Estate as the representative of the estate who will then accept the Grant Award Acknowledgment to assume all obligations and authorize rights for the terms of the Application, Application Certifications, and the Grant Award Acknowledgment.
6. Death after construction is complete: If an eligible owner-occupant passes away after construction is complete, and before the 24-month monitoring period is completed, please see Section 11 for monitoring and compliance.

VII. Heir Applicants

Applicants who inherited a disaster-damaged property, but were not owners of the property at the time of the disaster may be eligible for Program assistance if ALL of the following conditions are met:

- Applicant inherited the property from immediate family member(s) who passed away
- The deceased immediate family member granting the property to the Applicant also lived in the house as their primary residence (See section 4.4 for Occupancy documentation standards)
- Applicant occupied the home as their primary residence at the time of the disaster (See section 4.4 for Occupancy documentation standards)

- Applicant provides a written narrative describing their relationship to the property, the history of the property transactions, and any other information relevant to meeting the requirements mentioned above.

4.4 Occupancy and Primary Residency

A. Occupancy Requirements

The Applicant must have occupied the property at the time of the disaster as their primary residence. Second/vacation homes and rental/investment properties are not eligible for assistance under the Program. If the Program determines that the Applicant has already rebuilt a primary residence after the disaster, then the damaged property will be considered a second home even if the Applicant occupied it at the time of the disaster as a primary residence.

In determining if the Applicant occupied the damaged property as their primary residence, the Program evaluates the application as a whole; no one document can be regarded as a conclusive determinant of primary residence status if information presented in other application documents or application circumstances reference more than one address or location.

The Program confirms primary residence status by verifying the Applicant's property tax homeowner exemptions at the time of the disaster. If the tax records from the time of the disaster have established ownership in the Applicant's name and show the County has granted the Applicant a primary residence homeowner property tax exemption, the property is considered their primary residence. Program can also accept the address shown on the Applicant's filed federal tax returns (IRS Form 1040) from the disaster year to substantiate primary residence status at the damaged property. Finally, the program can accept an approval letter from FEMA or SBA as proof as primary residence as an Applicant would have had to prove primary residency for FEMA or SBA making them eligible for the Program as well. FEMA or SBA approval does not guarantee final eligibility for this program.

In the absence of the primary residence homeowner property tax exemptions, FEMA or SBA approval letters or filed federal returns, a written affidavit provided by the Applicant may be used to explain and verify primary residency.

The affidavit must be supported by one or more of the documents listed below (all occupancy documentation must be dated prior to the time of the disaster).

The Program, after review of the affidavit and supporting documents, makes a determination, in its sole discretion, on primary residence eligibility based on known circumstances and available information at the time of processing.

The list of acceptable supporting documentation is below. In all cases, the name and address on the documentation must match the name and address on the Application and be dated prior to the date of the disaster.

- Voter registration records submitted together with driver's license.
- Valid driver's license from time of disaster with damaged address listed

accompanied by a copy of a bank statement or a credit card statement sent to damaged residence in the month preceding or month of the applicable disaster

- Copy of Applicant's insurance policy covering the contents or personal property in the home. The documentation must confirm insurance coverage was effective at the time of the disaster.
- Copy of electric, gas, water, trash, sewage, cable, or cell phone bill. The bill must confirm that service was provided in the month preceding or the month of the applicable disaster. NOTE: incidental services such as propane tank bills are not considered utility bills and may not be used to establish occupancy.
- Letter from electric, gas, water, trash, sewage, cable, or cell phone company. The letter must confirm that service was provided in the month preceding or month of the applicable disaster.

The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation at any point during the application process.

The Program, after review of occupancy supporting documents makes a determination on primary residence eligibility based on known circumstances and available information at the time of processing on a case-by-case basis.

Applicants may be required to sign an affidavit during grant application process, certifying that the Applicant was the owner-occupant of the damaged residence.

B. Special Circumstances Related to Type of Occupancy

The following exceptions apply under special circumstances related to occupancy:

- Active-duty military personnel who own a disaster damaged home in an eligible county or zip code and were assigned to duty away from their home at the time of the disaster are eligible to apply to the Program.
- Homeowners incapacitated due to illness who own a disaster damaged home in an eligible county or zip code and are or were incapacitated and therefore unable to occupy the damaged home at the time of the disaster event are eligible to apply to the Program. If the homeowner is currently incapacitated and unable to handle their own affairs, the application must include legal documents for the person designated to act on their behalf.
- Homeowners who own a disaster damaged home in an eligible county or zip code who were incarcerated at the time of the disaster or at the time of application are eligible to apply for the Program. The damaged home could not have been used as a rental property at the time of the disaster or currently be in use as a rental property.

Other special circumstances related to occupancy at the time of the disaster are reviewed on a case-by-case basis and may be subject to additional documentation requirements as deemed necessary by the Program, in its sole discretion.

4.5 Income

A. Purpose

The Program establishes Low/Moderate Income (LMI) status by using a modified definition of Adjusted Gross Income (AGI) (“Modified AGI”) of each person at the time assistance is provided for the individual, family, or household (as applicable). The Modified AGI definition, as reviewed by HUD on October 12, 2022, allows **the Program to not count negative income reported on Part 1 of Schedule 1 on the Internal Revenue Service (IRS) Form 1040 (“tax return”) towards the Applicant’s annual household income. The Program will re-calculate the AGI using zero for Schedule 1, Part 1 income.** The Program collects income information for all Applicants and household members who are 18 years of age or older. The information is used to determine eligibility and requirements related to tracking expenditures on activities that benefit low-to-moderate income households, as established by HUD. Income or asset enhancement derived from the Program-assisted activity shall not be considered in calculating estimated annual income.

B. Calculating AGI and Projecting Annual Income

To determine income eligibility, the Program calculates the Modified Adjusted Gross Income (AGI) from the most recent tax return, projects annual income twelve (12) months using one or more of the income documents listed below to validate the Modified AGI calculation and compares the validated Modified AGI calculation to HUD income limits. This utilizes the net amounts of income from source documents to validate the Modified AGI.

All household members, if required to file, must provide a copy of their most recent tax return or tax return transcript for Program to calculate the Modified AGI.

There may be situations where a household member may have had no obligation to file a return, have not yet filed it, or filed an extension. If any household member did not file a prior year income tax return, the Program projects annual income twelve (12) months using gross income from one or more of the income documents listed below and compares that income projection to HUD income limits to verify income eligibility.

The Program collects one or more of the following supporting documents, as applicable per household member, to project the household member’s annual income and validate the calculated Modified AGI:

- Last two months of paystubs.
- Most recent social security income statements.
- Most recent unemployment statements.
- Self-Employed Household Members:
 - Prior year profit & loss statements, and

- Current year profit & loss statements.
- Most recent pension income statements.
- 1090s for any investment accounts and current brokerage account statements
- Bank statements
- Signed statement from employer verifying at a minimum:
 - Date of employment,
 - Current Position,
 - Wages and frequency of pay,
 - Employer name and title, and
 - Employer phone number.

NOTE: Program personnel may contact employers to validate statements.

If the annual income projection from the above supporting documentation is substantially different from the Modified AGI calculated from the IRS Form 1040, the Applicant must explain the discrepancy and the Program may recalculate income projection estimates.

The Program will consider any income affiliated with a business (ie: ownership of a nonprofit or for-profit business) to be personal income and will include it in the income projection.

Additionally, Applicants must complete and submit the Program's Household Income Certification Form. The form is current for one year from the date the applicant signs it, and a new form must be signed after a year. A new Household Income Certification Form will also be required if the Applicant's income determination changes at all prior to Grant Award.

Income eligibility is verified at the time of application for Program eligibility and is valid for twelve (12) months from that date. If the Applicant does not receive and accept their Grant Award Acknowledgement within twelve (12) months of the income eligibility verification date, the household income must be recalculated by the Program. Income documents used in an Applicant's income determination may not be older than one year from the date of the determination.

Applicants who claim zero-income must complete the zero-income certification section of the Household Income Certification Form and provide an income narrative as described in subsection C below. The Program may request additional documentation explaining how the Applicant is paying costs of living, i.e., mortgage payments, utilities, and/or property taxes.

If the Applicant expects to receive income from new sources not reported on the most recent tax return, they must report these as well.

If a family member is providing financial assistance to the Applicant, a signed Verification of Recurring Cash Contributions, and supporting documentation of the recurring contributions are required.

C. Income Narrative

In order to ensure that an Applicant can meet the responsibilities of homeownership, the Program will require the Applicant submit an income narrative when claiming zero-income that outlines:

1. How the Applicant will meet their living expenses (both currently and after their home is rebuilt)
2. Explain any discrepancies in income documentation

HCD reserves the right to request additional documentation to resolve any inconsistencies or prove any claims made in the income narrative.

If an Applicant refuses to or is unable to substantiate an income narrative to the Program's satisfaction, the Applicant will be moved into Special Review Hold status.

D. Income Determination

After receiving all required documents, the Program will make a final income determination which will be recorded in eGrants. To be recognized as Low-to-Moderate Income (LMI), a household's Modified AGI cannot exceed 80% of Area Median Income (AMI), adjusted for family size for the county in which their primary residence is located.

HUD's income limits are published on their website found at the following link: <https://www.huduser.gov/portal/datasets/il.html>

Currently the OOR Program is not assisting non-LMI Applicants. If an Applicant is found to be non-LMI after their final income determination, the Applicant will be moved to Special Review Hold Status (SRHS). An application can be removed from SRHS if the program opens applications to the applicable Prioritization Tier" or similar at a later date.

Section 5: Property Eligibility Criteria

5.1 Basic Property Eligibility Requirements

The following are threshold requirements, which must be met for a property to be eligible to participate in the Program and receive assistance. Eligibility does not guarantee assistance.

Properties must meet through legal documentation ALL the following threshold criteria for the Program:

- **Tie Back to the Disaster:** Damage to the property was the result of the qualifying event.
- **Location:** Location of the damaged property is within an area impacted by an eligible federally declared disaster.
- **Structure Type:** The property must be a fully titled and substantially conforming (with current zoning and ordinances), single-family dwelling on a permanent foundation or affixed to a permanent pad (leased or owned pad), such as a Stick-built, modular, mobilehome or MHU (i.e., not a condominium, duplex, fourplex, or other multi-owner property). “Fully titled” includes a permanent Certificate to Occupy on file with the city or county that was issued and active at the time of the disaster.
- **Additional Solution 2 Specific Criteria:**
 - If the project is a Reconstruction, the structure is not eligible for assistance if a COO has been obtained. Rehabilitation projects may retain their COO.
 - If the structure does not have a COO, the structure under construction may not be occupied.
 - Applicant may not resume construction activities until environmental clearance has been given.
 - All work completed must be permitted.

5.2 Tie Back to the Disaster

Eligible properties must have sustained damage as a direct result of the qualifying disasters in 2017 or 2018. The Program must verify that: 1) Damage occurred and repair is needed; and, 2) That damage was related to the qualifying disaster(s). Sources to verify impact from the disaster include, but are not limited to, FEMA, SBA, private insurance data, and county records and/or inspections. In the event that documentation is not available, a damage inspection report (complete with photos of the damage and a written assessment of the damage) is acceptable.

Information provided by FEMA is used to verify levels of disaster related damage. NOTE: a FEMA award does not guarantee Program eligibility. If there is information discovered that contradicts the FEMA award, Program reserves the right to request additional documentation.

FEMA damage levels include:

- Major/Severe: \$8,000 or more of FEMA inspected real property damage, caused by the disaster or other casualty; or
- Minor: Less than \$8,000 in FEMA inspected real property damage.

If the information is unclear or not available, it is the Applicant's responsibility to provide proof of disaster related damage to the structure through supporting documentation.

Examples of supporting documentation include, but are not limited to, the following:

- Interior and/or exterior photos of the disaster related damaged unit, with points of reference that can be compared to the initial home inspection photos
- CAL FIRE records or data
- Receipts of repairs completed prior to the initial home inspection
- Insurance claim documentation
- SBA Damage Assessment

5.3 Location

A. Disaster-Impacted Counties

Properties must be located within a county with a federal disaster declaration for the appropriate disaster.

- FEMA DR-4344 - October 2017 Wildfires. Impacted Counties - Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma, Yuba
- FEMA DR-4353 - December 2017 Wildfires, Mud flows, and Debris flows. Impacted Counties - Los Angeles, San Diego, Santa Barbara, Ventura
- FEMA DR-4382 – July 2018 Wildfires. Impacted Counties - Shasta and Lake
FEMA DR-4407 – November 2018 Wildfires. Impacted Counties - Butte, Los Angeles, and Ventura.

B. MHU Moves

The Program allows for MHUs to be moved to sites that differ from the original location at the time of the disaster. The new sites must be located within the impacted counties of Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma, Yuba, Los Angeles, San Diego, Santa Barbara, Shasta, and Ventura. The new sites must also already have necessary sewage and utility hookups and comply with any necessary zoning and permitting requirements.

Sites for consideration are dependent upon the same environmental reviews detailed for single family, Stick-built home rehabilitation. Site specific environmental review results and any necessary environmental remediation costs could impact the timeframe and site-specific eligibility for MHU moves.

The new MHU site must meet the following criteria in order to be considered eligible for Program funding:

- Has to have site access to electric
 - There must be a registered, metered electrical connection on-site. Solar is not sufficient.
- Has to have site access to water source (well or city)
 - Well needs to have enough flow rate to support the structure (Program can upgrade wells, but run the risk of increasing project cost)
- Has ability to connect sewer (septic or city)
 - If septic tank is present, it must be sufficiently large to support the structure
 - Cannot be a shared septic tank
- Home pad site cannot be in a flood hazard area
- Parcel zoning must allow MHU use
- Property has to, at minimum, be suitable for a 60-foot house to be delivered via paved public road
- Home pad and access to the home pad must be clear, relatively flat, and cannot require excessive site preparation
- Building code compliance must be easily attainable by the applicant/Program

Program determines feasibility at initial inspection. Program reserves the right to restrict the location of the new unit on the property. Since a move to a new site is not a reconstruction, environmental reviews will take longer than a standard OOR Reconstruction.

Due to potential unforeseen issues that could be found on the new site, the Program cannot guarantee that funding can be provided even if all of the above criteria are met.

C. Home Owners Associations

OOR will not build custom solution 1 homes to comply with HOA requirements (meaning the Program will only use program designs for solution 1 homes). For solution 2, the Program will not deviate from using Xactimate standard grade line item pricing to determine Work in Place or Estimated Cost to Complete estimates. There are minor fixtures such as color and trim which can be altered at applicant request, and accessibility features are not an issue, but OOR will not make major changes to the original floorplans or facades to comply with HOA aesthetic regulations.

If the HOA requires a larger house or MHU size than what the Program has previously verified for an applicant (based on tax assessor, CoreLogic, or NMLS records) and this would result in a larger square footage floorplan or MHU model than they were previously eligible for, then the applicant will be required to bring the price differential between the larger and smaller models in escrow funds in order to

be eligible for that model (based on the Model Eligibility Cost Matrix). This will be treated in eGrants as additional homeowner obligation, similar to when OOR requires applicants to bring in additional funds above the grant cap.

5.4 Structure Type

A. Eligible Structure Types

Eligible structure types include properly permitted, and substantially conforming (to legal zoning and ordinances) single-family dwellings, mobilehomes, and MHUs. Structure type is verified during the application process by utilizing the hierarchy of documents as follows: applicant supplied information, FEMA data, property tax information, property insurance, title report, and any additional documentation from the applicant as requested by the Program.

B. Ineligible Structure Types

Ineligible structure types include condominiums, accessory (appurtenant) detached structures, container homes, recreational vehicles, houseboats, camper trailers, and multi-unit dwellings.

5.5 Model Eligibility Policy

A. Floorplan Assignment Process

Determining Unit Size and Type - Upon application submission, CsM will review the application, FEMA data, tax bill, insurance and third-party real estate data (such as full title report, lien reports and/or real estate records) for unit type and bed/bath with sq/ft determination. For example, when the application matches the FEMA record for structure type it is considered program verified. In the event the applicant does not have FEMA documentation showing structure type, the tax bill will be used, etc. If a discrepancy between documentation is identified then any of the following may also apply to confirm unit type and bed/bath with sq/ft determination: Parcelquest reports, county damage reports, and additional documentation from Applicant as needed and requested by the Program.

To calculate a reconstruction award, the CM provides applicants with a list of floorplans using the Floorplan Selection Form. The form will offer applicants only the floorplans they are eligible to receive, based on the conditioned square footage of their damaged property, number of current household members and HUD Occupancy Standards, which can be found at: <https://www.hud.gov/sites/documents/43503HSGH.PDF>.

When determining OOR Program floorplan options, the CM presents an applicant with the model that most closely meets the conditioned square footage of the damaged property, which may result in a model that has less square footage than the damaged property. In the event the household size would result in a violation of occupancy standards listed in this document, the applicant will be eligible for a

floorplan that does not result in overcrowding or violation of HUD bedroom sharing guidelines. Program floorplan models will be presented to the applicant during the selection meeting.

B. Occupancy Standards

The following occupancy standards (i.e., the maximum number of bedrooms) should be consulted when determining an applicant's eligible reconstruction floorplan(s).

- 1 Bedroom (BR) for the head of household and their spouse/partner.
- 1 BR for every two children under age 12.³
- 1 BR for each child over age 12.¹
- 1 BR for a multi-generational member or other adults.
 - A multigenerational household is one that contains three or more parent-child generations; for example, the householder, child of householder (either biological, stepchild, or adopted child), and grandchildren of householder. A householder with a parent or parent-in-law of the householder and a child of the householder may also be a multigenerational household.
- 1 BR for approved live-in aides.

Generally, no more than two persons are required to occupy a bedroom. In addition, the following situations will be considered:

- Live-in attendants, foster children, and children who are temporarily absent due to placement in a foster home are also counted when determining unit size counted.
- Adult children on active military duty and permanently institutionalized family members are not included in the bedroom count.

C. Occupancy Standard Exceptions

In determining appropriate unit size, the OOR Program may grant an exception to its established standards if determined that the exception is justified by the age, sex, health, disability, or relationship of household members or other personal circumstances. Reasons may include the need for an additional bedroom due to disability or health conditions (e.g., for medical equipment). Occupancy standard exceptions are at the sole discretion of HCD.

³ All children expected to reside in the unit must be counted (e.g., unborn children, children in the process of being adopted, foster children, and children who are subject to a joint custody agreement and live in the unit at least 50% of the time).

Section 6: Terms of Assistance

6.1 Eligible Award Cap

The maximum Program award cap is \$500,000 per damaged, legally permitted and zoned primary residence for eligible Applicants.

6.2 Rehabilitation vs. Reconstruction/Replacement

Based on the ECR and associated Environmental Reviews, an analysis is performed to determine if the type of assistance that the Program can provide is Rehabilitation or Reconstruction (Replacement for MHUs).

A. Stick-Built Homes

The Program conducts an analysis on each stick-built property to determine if it is more cost effective and feasible to rehabilitate or reconstruct the applicant's home. When the dwelling was burned and demolished after the disaster and there is no structure to rehabilitate, no analysis will be conducted as reconstruction is the only possibility. The following conditions will trigger reconstruction:

- Estimated Cost to Rehabilitate exceeds \$100,000.
- Home requires elevation due to floodplain compliance.
- Home is deemed substantially damaged by the local jurisdiction.
- Home rehabilitation would result in substantial improvement of the dwelling.
- Home is deemed not suitable for rehabilitation by the Program's engineer.
- Home is deemed not safe to enter by the Program's engineer.
- Home has unpermitted repairs completed after the disaster.

A reconstructed home is a new structure on the same site, using the same construction type as the original structure (i.e., Stick-built replaced with a Stick-built).

For Solution 1, the Program follows internal contractor selection processes to select the contractor for the construction of the home.

For Solution 2, the Program requires proof that contractors meet all program requirements including, but not limited to California licensing, plans approved and permitted by the appropriate local authorities, proof that work completed on the project meets the OOR Program's 25% construction draw milestones, insurance, and are not debarred from receiving state or federal funds.

B. Mobilehomes and Manufactured Housing Units (MHUs)

Cost effectiveness is considered in Rehabilitating significantly damaged mobilehomes and MHUs. To be considered for rehabilitation, the cost to Rehabilitate the mobilehome or MHU must be \$5,000 or less based on the Program developed Scope of Work.

Additionally, to be considered for rehabilitation, MHUs must be a 2009 model or newer.

Mobilehomes and MHUs with more than \$5,000 in damage or older than model year 2009 are not considered for Rehabilitation but will be eligible for Replacement.

Demolition, removal, and other site prep including any required elevation component or foundation rebuild is included in the cost of replacing a mobilehome or MHU and is included in the Applicant's Award amount.

6.3 Duplication of Benefits

A. Summary of DOB

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance.

A duplication occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

DOB Analysts will perform the first level of review for all potential duplication of benefits (DOB) during preliminary eligibility determinations. As part of this review, the DOB Analyst evaluates all benefits reported by the Applicant during the application collection process for accuracy, coordinates with private insurance providers and other organizations to verify benefits received and performs a search of third-party data sources to identify potential DOB that was unreported by the Applicant.

An Applicant's total DOB amount received will impact the Program grant amount available to them. The total DOB amount is deducted from the total cost of rehabilitation or reconstruction, as determined by the Scope of Work (SOW), which may leave a gap funding amount.

In accordance with the Stafford Act, the Program will use the following framework to ensure that any funds provided by the Program are non-duplicative:

1. Assess the Applicant's total need for assistance prior to any assistance being provided,
2. Identify all assistance received or available,
3. Exclude non-duplicative assistance amounts,
4. Identify total DOB Amount,
5. Determine the maximum eligible award,
6. Determine the Program cap (if applicable), and
7. Determine a Final Program Award.
8. Reassess Unmet Need if necessary

The Program will conduct a duplication of benefits analysis prior to an award

being made to an Applicant. If it is later determined or revealed that the Applicant has received additional assistance or did not disclose all assistance received, the award will be reduced or modified to account for the additional funds received. If the Applicant knowingly did not disclose all provided assistance, the award can be rescinded, and the Applicant deemed ineligible for the program.

B. DOB Process

The duplication of benefits process involves a two-tiered verification process:

I. DOB Analysis:

The initial review is completed by the DOB analyst who confirms all datasets are obtained and reviewed including government (FEMA, SBA), private insurance, legal disaster-related settlements, and any other assistance types.

If the DOB analyst is unable to confirm the total assistance received, the application shall be returned to the case manager for Applicant correspondence to request needed documentation, and necessary updates.

Once all assistance is identified by the analyst, rejection by the Applicant of any reported assistance types considered by the program as non-duplicative are documented and the findings are recorded within the system of record with applicable documentation uploaded. After the DOB Analyst has confirmed the total assistance received, the analyst submits to the DOB reviewer.

II. DOB Review:

The secondary review is completed by the DOB reviewer. Within the secondary review, the DOB reviewer shall perform a review of all assistance types. Additionally, the DOB reviewer is responsible for confirming all assistance has been identified and accurately reflected within the system of record. If the DOB reviewer discovers any discrepancies with the supporting documentation from the analyst or additional assistance, the application is returned to the DOB analyst for updates. If the DOB reviewer validates that all assistance, documentation, and information is correctly entered in the system of record, the application is marked as "Review Complete" in eGrants. "Review Complete" signifies the completion of the DOB review process.

C. Calculating Total Assistance: Sources of Funding

Total assistance includes any disaster-related resources such as cash, lawsuit settlements, insurance proceeds, grants, and subsidized loans received by or available to an Applicant, including awards under local, state, or federal programs, and from private or nonprofit charity organizations for damage and Rehabilitation of the primary residence. At a minimum, each Applicant will include a review of the following assistance types:

I. FEMA

FEMA Individual Assistance (IA) may have been received by program Applicants for home repairs. If the assistance received was FEMA IA for home repairs, the amount will be considered a DOB. FEMA IA will be determined and verified by the Program through the FEMA IA NEMIS database. If the Applicant can document the FEMA IA amount received was for the purpose of home repair, the program will use the documentation provided by the Applicant to adjust the FEMA IA amount. The documentation provided by the Applicant must come from FEMA and reflect the Applicant's name, damaged property address, and FEMA Registration Number.

II. SBA

The Small Business Administration provides disaster assistance loans for home repairs and are considered a DOB for federally funded repair/reconstruction programs. If the Applicant has executed loan documentation with the SBA and has legal control over the loan funds for home repairs, this amount may be considered a DOB.

The full amount of the SBA loan available to the Applicant for repair/replacement assistance will be included in the DOB calculation unless all or a portion of the loan is declined or cancelled. This is to allow Applicants with open SBA loans or balances to close them and then not include any balances going forward. Often an Applicant may have accepted an SBA loan but not used it or only used a portion that was advanced in hopes of repairing but then stopped realizing the loan was either insufficient or debt repayment became a hardship due to delays for additional assistance. Case managers may need to assist Applicants in contacting the SBA to close their loans that remain open. An SBA loan is considered available to the Applicant when it is accepted, meaning that the borrower has signed a note or other loan document that allows the lender to advance loan proceeds, and has not been subsequently cancelled as provided for in 84 FR 28836 V.B.2.

III. Insurance

All property insurance settlement amounts for loss to dwellings are considered a DOB. Private insurance includes, but is not limited to, homeowners, fire, wind and hail, National Flood Insurance Program (NFIP), Increased Cost of Compliance (ICC), and Additional Living Expense (ALE) coverages.

However, if property insurance benefits are paid in a lump sum, the Applicant must provide documentation that delineates benefits received for contents and personal property, loss of buildings (detached garage), or other expenses (allowable living expenses), if applicable. This documented amount will then be excluded from DOB calculations.

A Proof of Loss Statement with line-item detail is required to be submitted to the Program, to determine duplicative assistance. It is also determined that the line item for the "recoverable depreciation allowable" amount in an insurance claim is deducted as a DOB, unless otherwise documented by the homeowner and the insurance company.

Insurance proceeds taken by a mortgage company as a forced mortgage payoff or paydown do not count as a duplication of benefits. Applicants are required to provide documentation to the Program that the mortgage payoff was not voluntary.

Insurance proceeds will be determined and verified by the Program by contacting the insurance company and verifying proceeds. If the Program is unable to obtain a response from the insurance company within three attempts to do so, the Program may consider using the amount self-reported by the Applicant, though all other documentation in the file must support the self-reported amount.

IV. Lawsuit Settlements

Funds received from the PG&E Fire Victims Trust settlement and from the Southern California Edison settlement, are not considered DOB for the Program per HUD. Other lawsuit settlement funds will be evaluated for DOB applicability as more information becomes available.

Legal fees that were paid by the Applicant to successfully obtain insurance proceeds are offsets to the homeowner and are not included as part of their DOB. Homeowners need to provide evidence of payment and a judgment or settlement document demonstrating homeowner's success in the legal action. All other legal fees that a homeowner may have paid out of any disaster assistance proceeds are deducted as part of their DOB if the assistance funding used was intended for Rehabilitation or Reconstruction of the damaged residence.

V. Disaster Recovery Reform Act Funding

The Disaster Recovery Reform Act (DRRA) authorizes FEMA to provide hazard mitigation funding in areas that Fire Management Assistance Grants are awarded as a result of wildfire and windstorm disaster mitigation. If funds were received from FEMA to provide hazard mitigation grant funding through the DRRA, these funds are considered a DOB.

VI. Other Funding

Any funding received for the same purpose of the grant funding must be disclosed by the Applicant and accounted for and evaluated by the Program for DOB. For example, funding provided by a non-profit organization to assist Applicants in Rehabilitating or Reconstructing their home must be reported in the application process and verified by the Program.

- In-Kind Donations

In-kind donations are non-cash contributions, such as donations of professional services, use of construction equipment, or contributions of building materials that the Applicant may have received for their recovery efforts which serve the same needs as the Program Funds. The value of qualified in-kind donations is not counted as a duplicative amount, but rather may be subtracted from the Applicant's total need amount due to those

donations lowering the Applicant's unmet need entering the program. Contributions of materials or labor for non-eligible items will not be subtracted from the Applicant's total need.

VII. Availability of Resources Included in Total Assistance:

Federal regulations require the program to consider all funds "available" to Applicants when calculating assistance, not just funds received. The applicable Federal Register Notice (84 FR 28836) states that funds are "available" to an Applicant if they (1) would have received them by acting in a reasonable manner, or in other words, by taking the same practical steps toward funding recovery as would disaster survivors faced with the same situation but not eligible to receive CDBG-DR assistance; or (2) has received the assistance and has legal control over it. Available assistance includes reasonably anticipated assistance that has been awarded and accepted but has not yet been received. Applicants are expected to seek insurance or other assistance to which they are legally entitled and to behave reasonably when negotiating payments to which they may be entitled.

D. Calculating Total Assistance: Non-Duplicative Assistance and Offsets

Not all assistance received by an Applicant is considered a duplication of benefit for housing Rehabilitation or Reconstruction. Therefore, there are types of assistance received by an Applicant which will not constitute a duplication of benefits, referred to as non- duplicative or offsets.

Sources Not Considered Duplicative:

- Personal assets: checking or savings, excluding the insurance proceeds and/or disaster assistance for repairs deposited into the Applicant's account.
- Retirement accounts
- Credit cards or lines of credit
- Commercial and/or Private loans
- Temporary housing
- Fire Victim Trust compensation settlement amounts
- Social Services Block Grant (SSBG) funding
- CalHome Program loans used for a Disaster Recovery Reform Act of 2018 (DRRA) Qualifying Disaster⁴ .
- Any other sources considered non-duplicative or for a different purpose as defined by the Program

The Program will allow for reductions of duplication of benefit totals if the Applicant can prove that the use or control of the funds meet certain criteria. In

⁴ For DRRA Qualifying Disasters, FEMA has advised that a loan is not a prohibited duplication of benefits under section 312(b)(4)(C) of the Stafford Act, as amended by section 1210 of the DRRA, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency.

accordance with 84 FR 28336, the Program may exclude for duplication of benefits purposes “assistance that was: provided for a different purpose; provided for the same purpose (eligible activity), but for a different, allowable use (cost); not available to the Applicant; a private loan not guaranteed by SBA; or any other asset or line of credit available to the Applicant.” 84 FR 28336 also states that declined or cancelled subsidized loans (loans other than private loans) are not a DOB. Each of these categories is further described below.

I. Funds Provided for a Different Purpose:

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB. The Federal Register defines three general categories for which homeowners generally receive assistance: (1) replacement housing; (2) repair assistance; or (3) interim (temporary housing) so any funding received for purposes other than those three may not be considered DOB.

II. Funds for the Same Purpose but for a Different Allowable Use

Funds received for the same purpose as funds provided under the OOR Program but used by the Applicant for a different allowable cost may be excluded from the final award calculation. In these circumstances, if the Applicant can document that the funds received were used for a different but eligible use, then the funds are not duplicative. Eligible forms of documentation may include but are not limited to receipts or paid invoices, demonstrating that funding was spent for a different eligible use. The Program will review documentation submitted on a case-by-case basis.

III. Funds not Available to the Applicant

Funds that are not available to an Applicant may also be excluded from the final award calculation. Funds are not available to the person or entity if the person does not have legal control of the funds when they are received and are used for a non-duplicative purpose. For example, if a homeowner’s mortgage requires any insurance proceeds to be applied to reduce the loan balance, then the bank/mortgage holder (not the homeowner) has legal control over those funds. Therefore, the homeowner is legally obligated to use insurance proceeds for that purpose and does not have a choice in using them for any other purpose, such as to Rehabilitate or Reconstruct the house. Under these circumstances, insurance proceeds are not considered duplicative.

Conversely, if a disaster-affected homeowner chooses to apply insurance proceeds to reduce an existing mortgage, or requests that the lender demand payment, insurance proceeds may be considered duplicative and reduce the amount of disaster assistance available.

However, if a mortgage requires insurance proceeds to be used for the repairing

of the property, those proceeds must be considered as assistance for the same purpose as the CDBG-DR OOR Program funds.

A homeowner does not need to possess cash assistance to be considered as being in legal control over receiving benefits for a particular purpose.

IV. Private Loans

Unlike SBA loans (or any other subsidized loan or Federal loan guarantee program that provides assistance after a major disaster or emergency), private loans not guaranteed by SBA need not be considered duplicative assistance. Private loans are loans that are not provided by or guaranteed by a governmental entity, and that require the Applicant to repay the full amount of the loan under typical commercial lending terms. Since private loans are not provided under a government program, they do not need to be considered as potentially duplicative assistance.

V. Other Assets or Lines of Credit

Other assets or lines of credit available to a homeowner or a business owner need not be included in the award calculation. This includes, but is not limited to checking or savings accounts, stocks, bonds, mutual funds, pension or retirement benefits, credit cards, mortgages or lines of credit, and life insurance. Please note that these items may be held in the name of an individual or in the name of a business.

VI. Declined or Cancelled Subsidized Loans

Declined loan amounts are loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the Applicant, meaning the Applicant never signed loan documents to receive the loan proceeds. Declined subsidized loans are not to be included in the calculation of DOB. The Program will attempt to verify declined loan amounts using third-party data or through correspondence from the lender. If the Program cannot ascertain whether or not the Applicant declined the loan, the loan may still be excluded from DOB calculation if the Applicant provides a written certification stating that the Applicant did not accept the subsidized loan.

Cancelled loans are loans (or portions of loans) that were initially accepted, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the Applicant. The cancelled loan amount is the amount that is no longer available. The loan cancellation may be due to default of the borrower, agreement by both parties to cancel the undisbursed portion of the loan, or expiration of the term for which the loan was available for disbursement. To document that a subsidized loan is cancelled, the Applicant must provide either: written communication from the lender confirming the loan is cancelled and no longer available to the Applicant; or a legally binding agreement between HCD and the Applicant that indicates the period of availability of the loan has passed and the Applicant agrees not to take actions to reinstate the loan or draw any additional undisbursed loan amounts.

NOTE: Only the accepted amount of the cancelled loan will be considered a DOB.

VII. Treatment of Subsidized Loans per DRRA Amendments

The Disaster Recovery Reform Act (DRRA) of 2018 modified the treatment of subsidized loans under the Stafford Act for disasters declared **between January 1, 2016 and December 31, 2021**, so that when certain conditions are met, the loans are no longer a DOB.

For subsidized loans made in response to DRRA Qualifying Disasters, accepted but undisbursed loan amounts (e.g., accepted but undisbursed SBA loan amounts) are not considered a DOB.

DRRA amendments also allow for individuals to be reimbursed for some costs of CDBG-DR eligible activities that were paid with subsidized loans if it can be proven that all federal assistance was used toward a loss suffered as a result of the major disaster or emergency. If the subsidized loan was used to carry out a CDBG-DR eligible activity that addressed a loss suffered as a result of a major disaster or emergency, HUD considers reimbursement of eligible costs paid with that loan to be used toward a loss suffered as a result of the major disaster or emergency. If an Applicant falls under this provision, refer to section [V.B.2\(iii\) of 84 FR 28836](#) for a list of conditions to be met.

VIII. Debris removal

The State and local partners have assisted many applicants with debris removal. This assistance is a cost that is billed to the homeowner. Insurance proceeds received specifically for debris removal are not counted as a duplication of benefits assistance if the lot has already been cleared as determined by the initial inspection.

E. Calculating Total Assistance: Offsetting Activities / Allowable Disaster Related Uses

In some cases, when an Applicant can demonstrate that they used disaster assistance funds for a different allowable use, this would allow for an adjustment or offset to DOB. Applicants must provide documentation for allowable activities to offset potential duplication of benefit:

- **No Receipts Provided:** If the Applicant is unable to provide receipts as required in this policy to demonstrate other, allowable disaster related uses of funds already received, the full amount of housing Rehabilitation and/or Reconstruction assistance previously received must be deducted from the amount of funding for which the Applicant would otherwise be eligible.
- **Partial Receipts Provided:** If partial receipts are provided by the Applicant documenting that only a portion of the housing Rehabilitation and/or Reconstruction assistance previously received was used as intended, the amount received not supported by receipts must be deducted from the amount of funding for which the Applicant would otherwise be eligible.
- **All Receipts Provided:** If receipts are provided by the Applicant documenting that the full amount of housing Rehabilitation and/or Reconstruction

assistance previously received was used as intended, and as required in this policy to demonstrate other, allowable disaster related uses of funds already received, no deduction is made from the award amount for which the Applicant is eligible.

I. Temporary Housing Assistance

Allowable uses include temporary housing costs such as dwelling rent, hotel stays, RV-related expenses associated with dwelling in the RV, and applicable utilities that occurred because of temporary displacement from the primary residence due to the disaster. Eligible temporary displacement is from the time of the event until the date of the verification letter. Evacuation costs are not eligible for duplication of benefits offset.

Temporary housing expenses can offset the potential duplication of benefits amount. When a homeowner receives insurance funds as compensation for the loss of their home as a result of the disaster and those funds, where not explicitly restricted by insurance for use towards interim housing, are used for interim housing costs, (e.g., buying a trailer to live in, on-site, until their home could be rebuilt) those funds are not counted as DOB as those funds are funds for a different purpose under HUD's duplication of benefits requirements.

II. Temporary Housing Expenses

Insurance funds, FEMA and other non-FEMA benefits received as a lump sum that is not itemized in a policy or a summary of benefits notification, and spent by an Applicant on temporary housing expenses from the date of the disaster, which can be documented by the Program, can be deducted from the DOB total. If sufficient documentation for these expenses is provided the DOB will be reduced by that amount.

There may be situations, due to the shortage of available and affordable housing, where applicants spent their benefits including but not limited to insurance, FEMA repair or replacement fundings, or non-FEMA benefits on temporary housing. Under these situations and with appropriate documentation, the OOR Program will allow these expenses to be used only as an offset to DOB. Eligible Temporary Housing Offset Expenses may include but are not limited to:

- Non-Luxury personally owned Recreational Vehicle (RV) and/or Vehicle
 - o (Capped at \$40,000 and receipt/bill of sale required)
- Trailer Rental or Purchase
- RV or Trailer Park Rent
- Dwelling Unit Rent
- Hotel or Short-Term Rentals
- Temporary Housing-Related Utilities
- Other Temporary Housing Arrangements on a case-by-cases basis review

Documentation required for temporary housing offsets can include, but are not limited to:

- Non-Luxury Vehicle and/or Recreational Vehicle Receipts or Title (if applicable)
- Trailer Rental or Purchase Receipts or Title (if applicable)
- Hotel or Short-Term Rental Receipts
- Dwelling Unit Lease or Rental Agreements
- Proof of Payment for Other Temporary Living Arrangements including bank statements or credit card purchases
- Temporary Housing Expense – Self Affidavit for up to 60 days Food and other personal items are ineligible for DOB offsets.

III. Repair Costs

Applicants may have begun Rehabilitating or Reconstructing their damaged residence with funding received from insurance, SBA and/or FEMA. Inspections completed by the Program will be used to determine value of completed repairs which may be used to offset an Applicant's DOB. Additionally, any qualified temporary stabilization expenses that cannot be verified by a current on-site estimation will be considered on a case-by- case basis with proof of documentation such as receipts.

IV. Theft, Vandalism, or Contractor Fraud

If an Applicant is a victim of theft, vandalism, or contractor fraud, the amount paid for the materials or for work or to the contractor may be excluded from duplication of benefit if properly documented. The Applicant would have had to have filed a formal complaint with a government authority (e.g., California Contractor's State License Board, a consumer protection agency or police department) setting forth in detail the cause and amount of fraud in sufficient form to be verifiable and affirmed through enforcement follow-up.

Scenarios that may result in a reduction of DOB include:

- The contractor or workers were paid, but no work was performed.
- The contractor or workers were paid, but only partial work was performed, and the work was never completed.
- The contractor or workers were paid and did perform the work, but it is sub-standard or shoddy and must be corrected.
- The homeowner paid the contractor or workers for materials that were never delivered to the home, used in the home, or disappeared from the work site.
- The homeowner procured materials that were onsite, and they were stolen from the property by a contractor, workers, or others engaging in theft.

- Materials on the worksite were vandalized.
- Installed materials (i.e., completed work) were vandalized.
- Installed materials may have been stolen from homes.

This procedure is intended to assist homeowners who have experienced any of the scenarios described above or any similar scenario not listed by providing relief related to lost money that would otherwise be considered a duplication of benefit. The homeowner must prove any contractor fraud, bad workmanship, vandalism, or theft. If proven, the homeowner's duplication of benefit can be reduced, and the program can provide scope to cover the completion of the Applicant's home repairs.

Homeowners will have to prove that they have filed a formal complaint with law enforcement, the California Contractor's Licensing Board, or the Attorney General or that they have filed a civil action in a California court. The intent of the contractor-fraud policy and procedure is to take into account all relevant evidence a homeowner can provide to make a reasonable determination of whether the duplication of benefit amount should be reduced. It is a totality of circumstances that will support this justification.

A homeowner's engagement or indication that he or she will be engaging in litigation related to the fraud, workmanship, vandalism, or theft does not preclude the Applicant from obtaining a duplication of benefit reduction. The Applicant will sign a Subrogation agreement at grant execution that requires the Applicant to return any portion of funds that he or she may later receive related exclusively to repairs of the home for which the program may provide. Therefore, the existence of a lawsuit is not grounds for denying this DOB reduction analysis.

The first step in this process is for the program to collect some basic information from the homeowner. This information will be filled into the Contractor Fraud/Theft/Vandalism Example worksheet.

- Name of the contractor(s) or workers to whom funds were paid
- Amount paid to each contractor or worker alleged to have stolen funds, failed to complete work that had been paid for, or completed shoddy work that must be re-done
- If theft or vandalism, the date on which the theft or vandalism of materials/work occurred
- The name of any police department, regulatory agency, or court with which a formal complaint was filed
- The date the formal complaint was filed and the item or case number of the report
- Brief description of the alleged incidents

To demonstrate contractor or builder fraud and/or theft or vandalism for consideration of a duplication of benefit reduction, the Applicant must provide

the following:

- Contractor Fraud:
 - Either a contract with a contractor to perform repairs to the damaged property or evidence of payment(s) made to contractor or builder demonstrating the attempt to Reconstruct or Rehabilitate the damaged property as well as proof that the Reconstruction and/or Rehabilitation were not completed.
 - Proof of payment can be in the form of canceled checks, paid invoices, or paid receipts. Bank statements or credit card statements that contain proof of payment through checks or other means of electronic transfer may also be used.
 - Evidence that a formal complaint was filed against the contractor or builder accused of fraudulent practices with the proper law enforcement officials or a state regulatory agency or court (civil complaints)
 - Complaint must have been filed within 1 year of the discovery of the fraudulent activity of the contractor/builder. The Applicant must provide the case or item number or report number and the name of the law enforcement or regulatory agency with which it was filed. If a civil action was filed, the Applicant must provide the name of the court where the action was filed and the docket number of the case.
- Theft or Vandalism:
 - Proof (i.e., paid receipts, photos, filed complaint) that property of the Applicant's damaged home was stolen or vandalized
 - Proof of payment such as a canceled check, receipts, bank statements or credit card statements is also required.
 - Evidence that a formal complaint of theft or vandalism was filed with the proper law enforcement officials or a state regulatory agency or court (civil complaints).
 - The Applicant will also be expected to provide the case or item number or report number and the name of the law enforcement or regulatory agency with which it was filed.

V. Mortgage Forced Payment (involuntary payoff/paydown)

If an Applicant's mortgage company placed a force payment on insurance proceeds, the insurance amount paid to satisfy a force payment is not a duplication of benefit. The Applicant would have to provide the document proving that the mortgage company did not release the insurance proceeds in the amount of the outstanding mortgage amount.

VI. Legal Fees

Legal fees that were paid in successfully obtaining insurance proceeds will be credited to the Applicant and will not be deducted as part of the Applicant's duplication of benefits. Applicants will need to provide evidence of payment.

VII. Tax Filing

Tax filings related to losses to the home do not affect funding assistance awards and are not considered duplication of benefits. Applicants should consult their personal tax advisor about any tax-related matter.

F. Scope of Work Reduction to Address DOB Gap

If an Applicant is can demonstrate via documentation that they cannot cover their DOB obligation by using non-duplicative sources such as commercial or Calhome loans (such as loan denial letters), the OOR Program may authorize a Scope of Work reduction to ensure that CDBG-DR funds are only going towards addressing an Applicant's unmet need.

A Scope of Work reduction lets the Program select specific items in an Applicant's SOW for exclusion from the project or allows an applicant to select a smaller footprint altogether. The items that are excluded, or the square footage that was excluded will be considered the part of the applicant's "total need" which has been met by the Applicant's DOB. The Program will consider the remaining items in the SOW as "unmet need" that is eligible for CDBG-DR assistance.

Rules for SOW Reduction:

1. Only the items listed below may be selected for exclusion from an Applicant's SOW. The Program has determined that these items will have the lowest acceptable impact to the quality of the structure post-rebuild.
2. All items flagged for SOW reduction must be recorded on the Applicant's final SOW with their full Xactimate line-item costs highlighted.
3. If an Applicant selects a smaller floorplan, the cost difference between the larger and the smaller floorplan, as calculated by comparing the models' "Box Price" lists, must be recorded on the Applicant's Homeowner Selection Form.
4. The Applicant is still required to provide DOB funds if the reduction is not greater than the Applicant's DOB assistance.

Items allowed for SOW exclusion:

- Garage
- Downgrades on finish materials (such as doors and baseboards)
- Downgrade driveway (gravel instead of paved)

Process for requesting SOW Reduction:

1. Applicant will notify their case manager that they cannot cover their DOB obligation by using non-duplicative sources via the DOB Commitment Form.
2. Case manager collects supporting documentation from the Applicant.
3. Case manager will provide the Applicant with a Scope Reduction Form and work with the applicant to determine which type of reduction they require and complete the form.
4. Send the form and supporting documents to Program Manager and Construction Manager.
5. Program Manager and Construction Manager will approve or deny the Scope Reduction Form.

G. Repayment of Excess DOB

Section 312(b)(1) of the Stafford Act requires grantees to ensure that Applicants agree to repay all duplicative assistance to the agency providing that Federal assistance. To address any potential DOB, each Applicant must also enter into an agreement (Subrogation agreement or similar document) with the CDBG-DR grantee to repay any assistance later received for the same purpose for which the CDBG-DR funds were provided.

Any assistance determined to be duplicative must be deducted from the Program's calculation of the Applicant's total award prior to a program award. If after the award is made, the applicant is deemed to have received assistance over the total award amount (excess DOB), the applicant will receive a Duplication of Benefit Notification and be required to pay the Program in accordance with the recapture policy (See Section 10.4).

Applicants deemed ineligible for failure to resolve excess DOB will be mailed an Ineligibility Determination letter. The Ineligibility Determination letter notifies the Applicant of the reason for ineligibility and outlines the process to appeal the decision.

H. Sample DOB Calculation

DOB Calculation Step	Example Given
1. Identify Applicant's Total Need	\$250,000
2. Identify Total Assistance	\$25,000 (FEMA) + \$75,000 (Insurance) = \$100,000 total DOB

<p>3. Identify Non-Duplicative Amounts</p> <p><i>Examples of Non-Duplicative Amounts:</i></p> <ul style="list-style-type: none"> • Amounts used for a different purpose, or same purpose, different allowable use • Declined and cancelled subsidized loan balances • Subsidized loan amounts that were used specifically toward a loss suffered as a result of the major disaster or emergency (per the DRRA) • Assistance received for the same purpose as the CDBG-DR Grant can be offset by expenses incurred by the property owner if they are verifiable receipts, invoices, pictures, and other relevant documentation confirming the expenses. 	<p>\$15,000 (Insurance for landscaping) + \$25,000 (Insurance for building foundation) = \$40,000 non-duplicative amount</p>
<p>4. Identify Total DOB Amount (Line 2 minus Line 3)</p>	<p>\$60,000</p>
<p>5. Calculate Maximum Award (Line 1 minus Line 4)</p>	<p>\$190,000</p>
<p>6. Program Award Cap (if applicable)</p>	<p>\$500,000</p>
<p>7. Final Award (Amount in line 5, up to the program cap amount in line 6. The award amount is the program cap amount if amount in line 5 is greater than the amount in line 6.)</p>	<p>\$190,000</p>

6.4 Award Determination and Calculation

Applicants may be eligible for Rehabilitation or Reconstruction under Solution 1 or Solution 2. Each award is calculated using the scope of remaining work, for the eligible Rehabilitation cost or the eligible Reconstruction cost as determined by the Program and based on standard grade materials as calculated by using national building-industry estimating software, less the amount of DOB, not to exceed the Program’s maximum grant cap of \$500,000 per damaged structure for eligible Applicants.

Therefore, to calculate the total eligible award, the Program uses the following process:

Step 1: The Program determines an Applicant's total need by conducting structure and model eligibility review, an initial site inspection to include

WIP, and reviewing all damage documentation from the Applicant, FEMA, SBA, insurance reports, and other sources. The Program then develops a final SOW to estimate the cost to either to rehabilitate or reconstruct the damaged property into a habitable structure (using standard materials and building practices).

Step 2: The Program calculates the Applicant's total assistance to date by adding up funding from sources such as cash awards, insurance proceeds, grants and loans received by or available to each Applicant, including awards under local, state, or federal programs, and from private or nonprofit organizations. The Program must include a review to determine whether the Applicant received FEMA, SBA, insurance, and any other major forms of assistance (i.e., state disaster assistance programs) available to Applicants. For more information on what qualifies as DOB, see Section 6.3.

Step 3: The Program determines, in accordance with policy, how much of the total assistance is considered a non-duplicative exclusion to DOB. Non-duplicative exclusions are funds that are either 1) provided for a different purpose, or 2) provided for the same purpose (eligible activity), but for a different, allowable use (cost). For more information on how DOB is calculated, see Section 6.3. For Solution 2 properties, the Program-determined dollar value of already completed WIP is considered an offset to the Applicant's total DOB.

Step 4: The Program compares the DOB amount with total need. If the total need is greater than the DOB amount, Program funds are applied to the gap up to a limit of \$500,000 per damaged structure for 2017 and 2018 eligible Applicants. If the DOB amount is greater than total need, no program funds are awarded.

Eligible Repair Costs/Need – The Program determines an eligible repair or reconstruction estimate using information from the inspection. The SOW is valued based on the cost of remaining eligible repairs using Standard Grade Building Materials.

Calculating Potential DOB – All DOB funding must be accounted for prior to the homeowner receiving an award. Homeowners with a duplication must sign an affidavit affirming they have all DOB funding on hand and must place it in an escrow account held by the Program for use during construction.

DOB checks are completed prior to the final award determination and will be completed again as part of ongoing compliance efforts after the completion of a project.

6.5 Escrow

After calculating DOB and Award Amounts, if there is still a gap in funding needed to cover the full SOW, homeowners are responsible for providing that funding prior to moving forward in the Program.

The homeowner's responsibility refers to the amount of funds the Applicant may need to contribute to the project prior to receiving Program funds. These funds are remitted to

the Program and placed into a Program-managed escrow account, based on the award calculation. The funds from the escrow account are disbursed first and once all funds from the account have been fully disbursed, the grant funding is disbursed.

6.6 Housing Counseling Requirement

Applicants to the Program are required to participate in the ReCoverCA Housing Counseling Program as a condition for receiving an award. Applicants must complete at least one housing counseling session led by a Program-funded housing counseling organization. The housing counseling session must be completed prior to the Applicant's Grant Award Acknowledgement. Applicants may, with Program approval, defer the housing counseling requirement until after Grant Award Acknowledgement, but must complete at least one housing counseling session prior to completion of construction. All housing counseling deferral requests must be made in writing using a form provided by the Program.

6.7 Pre-award Verifications

Applicants are responsible for providing truthful, accurate and complete applications to the Program. Prior to making an award, the Program is responsible for reviewing each Applicant file to verify all information is complete, Applicant is eligible, and all benefit calculations are completed correctly. The Program performs multiple eligibility and DOB reviews throughout the application, grant award acceptance, and compliance processes. After consideration of new information and documentation during these reviews, the Program may make changes to the award determination and calculation. The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation at any point during the application process.

6.8 Award Acknowledgment

After receiving a completed application (including all documents), determining the Applicant is eligible, completing a final SOW, and completing the award calculation, the Program makes the Grant Award Acknowledgement available for review in eGrants. The Program uses the Award Acknowledgment process to consult with Applicants, review and reaffirm Applicants understand and certify to adhere to Program requirements and accept the Grant Award Acknowledgment.

In turn, the Grant Award Acknowledgment provides the Applicant with information about their potential eligible award, award calculation, SOW, and the appeals process.

Applicants may accept their Award, request consultation, or appeal the determination following the process outlined in Section 10.

Prior to receipt of federal grant funds for the benefit of the Applicant, Applicant(s) accept the Award Acknowledgment and sign an escrow agreement (if applicable) and the 24-month deed restriction. This deed restriction is recorded in the applicable County Recorder's Office to satisfy

the Program compliance requirement.

Zero-Award Letter

If an Applicant meets all eligibility requirements but has received funding from other sources above the documented need, a zero-award letter is issued stating that the Applicant met the eligibility criteria but did not qualify for an award.

The letter explains that the assistance previously received from other sources exceeds the amount of need. Should the Applicant disagree with the determination, they have the option to file an appeal. Information on how to submit an appeal is provided in the letter. See Section 10 for additional details.

6.9 Provisions of Funding

The provisions of funding are based on the Solution Type assigned to the Applicant. The Applicant does not receive direct funding in either Solution.

For Solution 1: Program Managed (Turnkey) Rehabilitation and Reconstruction, the CM pays homebuilding contractors directly. The Program reimburses the CM on approved invoices detailing those payments from escrow funds first (if applicable), then from Program funds.

For Solution 2: Homeowner Managed Rehabilitation and Reconstruction, the Program CM pays the Applicant's general contractor from escrow funds first (if available), then from Program funds. All solution 2 payments will only be authorized after CM has completed a full inspection of the progress milestones and the Applicant has also signed off on the work completed.

6.10 Homeowner Responsibilities

By applying to the Program, the homeowner agrees to meet all requirements of the Program, including the Environmental Stop-Work Order (see Section 7.3 Environmental Stop-Work Order), Application certifications, Grant Award Acknowledgment, Deed Restrictions, Subrogation Agreement, and all other executed legal documents. The Program reserves the right, in its sole discretion, to require the Applicant to provide additional documentation at any point during the application process.

Additionally, the Program, in its sole discretion, has the authority to deny any application if the Applicant, or any party associated with the Applicant, becomes verbally or physically abusive or threatening in any way, whether in writing, in person or telephonically, to any Program or HCD staff or associate.

Finally, all Applicants undergoing either Solution 1 or Solution 2 rehabilitation or reconstruction must agree to the following during the construction process and after the completion of construction activities:

During Construction Process

- **Ownership:** The homeowner agrees not to transfer or cause to transfer title to the property or any interest in the property during construction.

- **Access to Property:** The homeowner must arrange access to the property for building contractors providing construction services. If reasonable and timely access is restricted or denied to a building contractor who is making a good faith effort to perform required work, the award may be terminated.
- **Personal Property:** Upon acceptance of the Grant Award Acknowledgment, if the homeowner is currently living on the property, the homeowner has 30 calendar days to move, at their own expense, all personal property out of the damaged property. The Program is not responsible for lost or damaged belongings of the homeowner and/or household members that have occurred during construction. The homeowner must secure or relocate all personal property until construction is complete.
- **Reasonable space:** During the construction phase the homeowner must not interfere in work areas and make a reasonable effort to stay away from the construction zone.
- **Cooperation:** The homeowner shall comply with the terms of all Program agreements, as applicable, and shall cooperate with the Program, its officials, employees, assigns, agents, contractors, consultants and Construction Manager, including their assigns, employees, subconsultants and subcontractors (collectively, the "Assistance Providers") with respect to the Construction Work.

In the event any household member unreasonably interferes with the Work or an inspection in any manner, Contractor shall deliver a written notice to the Applicant and the Program, ordering the Applicant to cease any activity causing the interference. If the Applicant does not cease the activities specified in the notice within three (3) calendar days, Applicant may be prohibited from participating in the Program and may be required to reimburse Grant funds to HCD for all Work performed on the Property by Contractor.

After Completion of Construction Activities

- **Ownership:** The homeowner agrees not to transfer or cause to transfer title to the property or any interest in the property until the 24-month compliance period has ended, and the homeowner has been notified that the file has been closed out. Early transfer of property will, under most circumstances, constitute a breach of program requirements and require the homeowner to repay all or part of the grant amount. In rare and limited circumstances based on the Program's demonstrable hardship process, early transfer may be allowed by Program.
- **Occupancy:** The homeowner must continue to occupy the home as their primary residence for a period of 24-months after Program rehabilitation or reconstruction is complete.
- **Insurance:** For homes in designated flood areas, the homeowner must acquire and maintain flood insurance coverage on the property in perpetuity after Program rehabilitation or reconstruction is complete. This obligation is also be passed on to subsequent owners of the property. Applicants who fail to maintain flood insurance when required and in perpetuity are at risk of being ineligible for future federal assistance with disaster relief funding from any federal agency.

- **Taxes:** The homeowner must remain current on all property taxes on the property for a period of 24-months after Program rehabilitation or reconstruction is complete.

6.11 Demonstrable Hardship Determination

A demonstrable hardship is defined as a substantial change in a household's situation that prohibits or severely affects their ability to provide and maintain a minimal standard of living or basic necessities, such as food, housing, clothing, and transportation, causing economic distress well beyond mere inconvenience.

The demonstrable hardship must be severe, involuntary, and unexpected, and not generally for the same reasons shared with other households affected by the disaster.

Examples of a demonstrable hardship may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. However, no single event automatically defines a demonstrable hardship.

HCD considers each Applicant's overall situation if a demonstrable hardship is claimed, and documentation can be provided showing the cause and any other factors relevant to the issue of demonstrable hardship.

A demonstrable hardship must have occurred after the disaster and must be documented with objective documentable evidence.

Hardship determinations may be considered for Program exceptions, on a case-by- case basis, to include, but not limited to, additional assistance with funding, timelines for application and/or construction completion and residency requirements as it pertains to compliance and monitoring periods.

Hardship determinations are made at the sole discretion of the Program and are final.

Section 7: Pre-Award Procedures

7.1 Applicant Outreach

HCD is committed to affirmatively furthering fair housing and ensures accessibility through established affirmative marketing and outreach activities.

HAPM is tasked with implementing a detailed outreach plan to ensure that outreach and communications efforts reach eligible survivors from all racial, ethnic, national origin, religious, familial status, persons with disabilities, and gender groups and that they are given the opportunity to apply for funding to assist with rehabilitation or reconstruction of their primary residence that sustained damages due to the disasters. HCD oversees the HAPM's efforts in developing and implementing the Outreach Plan and participates in outreach and marketing activities as needed.

Because the Program prioritizes LMI homeowners, it is critical that the outreach activities reach LMI individuals. Outreach activities may include door-to-door canvassing, and special efforts to communicate with hard-to-reach populations such as seniors or persons with severe disabilities.

Special outreach activities are directed to finding and communicating with LMI homeowners who may have had to temporarily relocate, such as elderly homeowners who may have gone to stay with family outside of the impacted area.

This outreach plan also provides an overview of HCD's communications, goals and strategies.

Marketing is conducted through widely available media outlets, which may include:

- Advertisement in local media outlets, including newspapers and broadcast media, that provide unique access for persons who are considered members of a protected class under the Fair Housing Act
- Coordination with public and/or non-profit organizations
- Outreach at government offices, churches, grocery stores, senior centers, etc.
- Use of social media when appropriate

Measures are taken to make sure the Program is accessible to persons who are considered members of a protected class under the Fair Housing Act by holding community meetings as well as all advisory meetings in buildings that are compliant with the Americans with Disabilities Act (ADA). Translation services are available for all community meetings as well as advisory services.

Program marketing materials are presented in English and Spanish and are developed to meet accessibility standards. In addition to marketing the Program during the launch and application intake period, outreach efforts are utilized during periods prior to specific Program updates to ensure that Program stakeholders are always informed and able to respond appropriately.

7.2 Survey

The Disaster Housing Assistance Survey for 2017 qualified disaster survivors was launched on November 1, 2019 to identify the demand for the Program and provide information needed for program design considerations.

A Disaster Housing Assistance Survey for 2018 disaster survivors was launched in December 2020.

The survey assists in ascertaining the specific recovery needs of impacted property owners as well as identifying demographic information to assist in targeting recovery funds to vulnerable populations.

HCD continues to follow policies and procedures for compliance with AFFH requirements during the planning and implementation of each housing activity to lessen area racial, ethnic, and low-income concentrations, and promote affordable housing across the disaster-affected areas.

The survey is the first step an individual can take toward seeking benefits under the Program. The survey is not an application. Regardless of the number of individuals per household, there may only be one survey per household. Duplicate surveys are closed so that only one survey per property remains active.

The survey requires the submission of basic information about the individual, his or her household and the property that sustained disaster related damage. The survey process allows HCD to evaluate the potentially eligible homeowner populations and begin the prioritization process.

7.3 Application Process

A. Submitting an Application

Homeowners are prioritized, based on the tiered prioritization criteria, which includes the location of the property within the federally declared disaster counties, total household income, and level of damage. Application submission is opened to survey respondents by tier.

Once a survey respondent has been invited to apply, the main method of submitting Applications is via eGrants which is HCD's system of record for this Program. eGrants Applications may be submitted at <https://hcd.ca.gov/recoverca>.

Paper applications may be completed, signed, and submitted by email to ReCoverCA@hcd.ca.gov or fax to 916-263-2764. Applications can also be mailed to:

ReCoverCA OOR Program
Department of Housing and Community
Development 2020 W. El Camino Ave., Room
#405
Sacramento, CA 95833

Applicants may request to voluntarily withdraw from the program at any time. If an applicant chooses to withdraw after construction has begun, the applicant will be subject to repayment of program funds expended. Applicants are to provide a request in writing or by email to their case manager or to the Program. However, if an applicant cannot or will not document his or her request to withdraw, a detailed case note may be used to support the applicant's withdrawal request. All applicants who choose to withdraw will have the option to rescind his or her request to withdrawal. If the applicant does not contact the program to cancel withdrawal within thirty (30) days, the case will be withdrawn. Should an applicant request to withdraw, and program funds have already been invested into the damaged property, the applicant will be responsible for the repayment of all program funds through a recapture process. Withdrawal from the Program is final and not appealable.

Once an application is withdrawn, a new survey and application will be required if the Applicant wishes to participate again.

Reasonable accommodations are available to assist homeowners who do not have access to complete an online application. Hard copy applications are available for download at <https://recover.hcd.ca.gov/> or by contacting HCD at (916) 263-6461.

The OOR Program also accepts collect calls.

Program case managers are available to assist in application completion via telephone and at outreach events. Mobile intake is also available to assist those in need.

Applications are accepted until the goals of the Program have been met and/or all funds are obligated.

Once a person has completed an application, they become an Applicant to the Program. From that point forward, Applicants must abide by all Program policies and procedures outlined in this manual.

The file is assigned to a case manager, who are part of the HAPM team and are responsible for managing communications with the Applicant during the course of the Program. An Applicant can communicate with the case manager to obtain updates on their application status.

The Applicant(s) must sign the following Program required application electronically using DocuSign within eGrants or paper copies signed in *blue ink only*.

- Personal Information Release Authorization Form
- False or Misleading Statements
- Income Tax release(s) (4506T)
- Right of Entry (ROE) Authorization and Agreement
- Household Income Certification Form

- ReCoverCA Homeowner Grant Application Certifications
- Other Program-related documents as needed.

All required documentation may be submitted either electronically or in person during an appointment with a case manager.

The Applicant must sign all Program forms via electronic signature or manual signature. To submit required documentation electronically, Applicants must enter a valid email address for each household member 18 years of age or older. *Documents that are manually signed, must be signed in blue ink only to be accepted.*

There may be multiple owners on title to the damaged residence who are not occupants of the household. Non-occupant owners sign all applicable Program documentation. All individuals on title are required to sign the following:

- Personal Information Release Authorization Form
- False or Misleading Statements
- Other Program-related documents as needed

The Program is not liable for disputes arising between owner occupants and non-occupant owners.

Homeowner Responsiveness

During the application process, a homeowner is required to respond in a timely fashion with program requests for information/materials to complete the eligibility process. At no time should a request for additional information go unanswered beyond 30 days. If the homeowner needs an extension, a clarification, or assistance, they may request assistance within the 30-day window. If the homeowner fails to provide the requested information/materials or fails to ask for an extension or assistance, their application will be closed.

If a homeowner becomes unresponsive, the application will be closed. “Unresponsive” is defined as the failure to answer or return three consecutive phone calls, and failure to respond to written requests within program timeframes.

An exception to the above is for clearance of title defects, death or illness of a homeowner, or other circumstances beyond an applicant’s span of control may be determined on a case-by-case basis.

Limited English Proficiency (LEP)

Homeowners whose primary language is not English are provided vital Program documents (e.g., brochures and any relevant forms) as well as other tools for guidance translated to their native language. By translating and providing Program documents into their native language, all homeowners are given reasonable opportunity to understand Program requirements. As a standard practice, Program documentation is translated into Spanish.

Translation into other languages is completed upon request.

Special Needs

In accordance with Section 504 of the Rehabilitation Act of 1973 requirements, necessary accommodations are made to ensure that eligible elderly persons and persons with special needs can successfully participate in the Program. These accommodations could include but are not limited to ensuring that all facilities are readily accessible by persons with disabilities, the use of American sign language and braille, oral presentation of documents, and home visits by the case managers.

All applicants are provided a Verification of Disability form, which offers options for commonly requested accommodations that may be requested without additional documentation. Additional accommodations can be made if necessary. An applicant can establish their need for additional special accommodation by presentation of a mobility card, or presentation of proof of SSDI benefits.

B. Environmental Stop-Work Order

Homeowners that have begun rehabilitation or reconstruction work on their damaged property prior to the submittal of an application are required to stop work upon application submittal. The Program issues a stop-work notification to homeowners requiring an end to ongoing work, so that an environmental review can be conducted. Homeowners that do not comply with the requirement to stop-work will be deemed ineligible for Program assistance.

HUD rules and regulations that govern the environmental review process can be found at 24 C.F.R. part 58.

In order to be eligible for Program, Applicants must comply with the environmental requirements which include:

- Stop all on-going construction activities at the time of application submission to the Program.
- Wait until the environmental clearance is completed prior to initiating Program approved work on the property.

7.4 Design Process

After the initial DOB verification is complete and HAPM determines that an Applicant is eligible for assistance, a Work Order is created for the CM staff to initiate the Design Process.

Pre-Construction Activities consist of:

- Initial Home Inspection
- Environmental Review
- Design Process

All pre-construction activities are performed for any rehabilitation or reconstruction project, regardless of Program solution.

A. Initial Home Inspection

Prior to the Initial Home Inspection, CM staff will consult the eGrants system for the following information:

- Program Solution (1 or 2)
- Damaged structure type (MHU, Stick-Built, or ineligible)
- Damaged structure characteristics (square footage, bedroom count, etc)
- Applicant household size
- Verification of damage
- Work in Place Data (if any)
- Relevant DOB data

The Initial Home Inspection is conducted by CM-contracted inspectors. Inspectors will visit the property and gather any necessary information to determine the following:

- a) Assesses property and what action would be needed to bring the house to HUD housing quality standards.
- b) (If applicable) Verifies any work already completed for eligible DOB offsets as reported to Case Management in the Application Process.
- c) Reports back to the Program any and all issues relating to feasibility they observe during their inspection.

Before the Initial Home Inspection, the case manager contacts the Applicant to schedule an appointment for the initial site inspection, providing at least 72 hours advance notice. All communications and attempted communications are documented in the system of record, eGrants. The Applicant or someone designated to act on their behalf must be present during the initial site visit.

Staff conducting the initial inspection collect sufficient data to determine the feasibility for Rehabilitation, Reconstruction, or Replacement. The inspector

verifies, upon request of eligibility team, any information from the homeowner regarding damage as well as work that has been initiated or completed.

The inspector also conducts a room-by-room inspection to identify any repairs needed to bring the home into compliance with construction specifications.

CM Home Inspectors will observe and document needed repairs with notes and at a minimum of the following photos:

- Front elevation
- All other exterior elevations
- Interior photos of disaster damage
- Adjacent exposures (backyard, side yards, proximity of dwellings, and any outbuilding)
- Obvious environmental issues (such as hazardous trees threatening the construction site)

During this visit, Program staff will check for compliance with the stop-work order and for unpermitted additions, or signs of habitation for Solution 2 applicants. If any violations are found, the Applicant will be found ineligible for the Program and will not be allowed to proceed.

B. Verification of Work in Place

Work in Place (WIP) refers to repair activities already completed at the time of the Application. WIP items can be used to offset DOB expenses and reduce the DOB funds an Applicant must provide to complete the project.

During the DOB Review, the Program DOB Team verifies that the completed repairs match the list of Program eligible activities and are consistent with damages caused by the disaster(s). The applicant is charged with supplying backup information such as photographs and narratives to substantiate existing repairs at the time of inspection.

If there is a question whether a repair was made or not made, the Program DOB Team will use information obtained by the CM Initial Inspection team from their inspection visit as the deciding factor on whether the item should be counted as WIP. If the Applicant lists a repair but it is obvious to the Program DOB Team that the repair has not been completed, the Program DOB Team excludes that item from the WIP.

C. Estimated Cost of Repair (ECR)

An Estimated Cost of Repair (ECR) is prepared to document the line items and estimate the costs of repairs needed to bring the house back to HUD Housing Quality Standards of livability. In an effort to establish a basis for quantifying these materials and labor costs needed, the ECR uses standardized unit-based costs through the use of Standard Grade Building Material costs established prior to the start of the program that are reflective of costs per region served.

Quantities and measurements taken during the initial site inspection are input into a construction estimating tool for all projects to ensure consistency throughout the Program. The ECR provides line-item details of eligible needed repairs in units of measure and quantities to bring the house back to HUD Housing Quality Standards of livability.

All cost estimates for work completed or for work still needed to complete a construction project are created using Standard Grade Building Material costs and [Minimum Architectural and Design Standards](#) defined by the Program.

Existing Rehabilitation or Reconstruction of detached structures such as garages, sheds, swimming pools, decks, or fencing are not included in the ECR as eligible construction activities.

The ECR is then reviewed by the eligibility team to determine the program approved construction activities.

D. Environmental Review

All federal regulation regarding lead-based paint, environmental review, housing quality standard, procurement, labor standards, etc., apply to this Program. If issues are identified within an application, an application may be required to undergo additional reviews, and this may take additional time to resolve.

The National Environmental Policy Act of 1969 (NEPA), as amended, established the national policies, procedures, and regulations for protecting and enhancing environmental quality.

It requires the evaluation of environmental impacts of proposed federally funded projects and identification of any necessary mitigation measures to minimize or prevent adverse impacts. An environmental review is necessary for all HUD-assisted projects, including projects funded partially or in full by CDBG-DR, prior to any commitment of funds.

All rehabilitation and reconstruction projects undertaken with CDBG-DR funds and all activities related to that project are subject to the provisions of NEPA, as well as to the HUD environmental review regulations at 24 C.F.R. part 58.

The HUD environmental review process must be completed before any funds are committed and disbursed for Program-eligible activities. No work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. If work has already been started with non-HUD funds, the applicant will be required to stop existing work until the environmental review process is complete.

Furthermore, CEQA is the state's companion to NEPA. CEQA compliance is also required on all projects carried out, approved, or funded by a California public agency that may result in an adverse physical change in the environment, either directly or indirectly.

Documentation of CEQA compliance must be met along with the NEPA

Environmental review must be concluded for each project prior to the firm commitment of any Program funding. A violation of this requirement may jeopardize federal funding to this project and disallow all costs that were incurred before the completion of the environmental review and HUD's approval for release of funds.

7.5 Scoping Process

The Scoping Process incorporates information gathered during the Initial Home Inspection and the Environmental Review to produce a Scope of Work.

The Scoping Process consists of:

- Homeowner model/floorplan selection (Solution 1 only)
- Site-specific design work visit (Solution 1 only)
- Creation of Scope of Work

A. Homeowner Model/Floorplan Selection

After the ECR is generated and Environmental Review is completed, Solution 1 homeowners will be invited to select the floorplan for which they are eligible. Applicants may select any floorplan equal to or smaller than the largest plan they qualify for. Solution 2 Applicants will not have a homeowner selection phase due to the fact that because their home plans are already complete and construction has started.

CM will provide Program applicants two floorplan options for two (2)-bedroom, three (3)-bedroom, and four (4)-bedroom homes using a standardized plan set that can be built on a majority of sites. In some instances, these "proto-type" plan sets may be modified dimensionally to fit zoning and on-site code requirements. Narrow lot two-story options are available on an as-needed basis. Additionally, CM will provide Program applicants with one floorplan for five (5)-bedroom or one floorplan for six (6)-bedroom home as required and determined by HCD. All floor plan options have three exterior elevation options. When an applicant property is unable to accommodate one of the model floorplans provided, CM may provide specially modified or new plan sets subject to review and approval by HCD.

Based on the characteristics of the damaged home and the existing footprint, the case manager/CM representative presents all allowable plan sets that meet the requirements for the standard home and include footprints up to the current square footage. The homeowner is permitted to select the model they prefer of these choices.

The homeowner may work with the case manager to adjust to a plan that works in their circumstances. Applicants who choose accessibility features, may work with the case manager to select standard features to support the accessibility request.

The Applicant is allotted reasonable time to review materials and make final selections.

B. Site-specific design work visit

CM-contracted staff will visit the Applicant's home and conduct the following:

- Provide survey
- Elevation certificates (as needed)
- Geotechnical services with reports
- Permitting activities
- Activities associated with inspections, repairs, and replacements to water wells and/or septic systems
- Any other inspections or tasks required to cost out a site-specific scope of work

C. Scope of Work Creation

After all site-specific design work is completed, the CM procures a general contractor to apply site-specific conditions to one of the Program's standard plan sets selected by the Applicant. The CM's general contractor will produce a final plan set that will be used to build the new home. From this plan set, the CM produces a Scope of Work in order to estimate the cost of building that plan set.

A Scope of Work (SOW) includes the estimate of activities and funding required to complete the repair of the damaged residence or complete a full reconstruction effort and includes all eligible construction activities detailed in materials and labor, necessary environmental mitigation (as required), eligible accessibility features.

Based on the approved ECR, Scopes of Work are determined, and valuations are determined by inputting quantities and measurements into a construction estimating tool for all projects to ensure consistency throughout the Program. The estimating tool utilizes current construction costs with inclusion of regional or county adjustments as well as applicable taxes to account for pricing differences between regions.

The Program estimates the cost of reconstruction or rehabilitation in quantities using "Standard Grade" materials. Therefore, it is likely that the Program's assessment of the value of reconstruction or rehabilitation is lower than other assessments that the Applicant may have, whether from SBA, NFIP, a private contractor, or another third-party entity.

Necessary improvements such as widened doorways, ramps, level entry and doorways, and grab bars in the bath areas are included in the SOW, if applicable.

The following items are NOT included in the SOW (non-exhaustive list):

- Purchase of tools and equipment
- Repair or replacement of detached structures such as sheds, garages, swimming pools, decks, docks, or boat ramps (garages may be included when required by

local codes)

- Replacement of special features, trims, and designer features that exceed basic livability requirements and features of standard grade homes such as sky lights, wainscoting, and wood paneling, jacuzzies, copper gutters and roofs (these items may be repaired if they present a health or safety hazard or replaced with Program standard grade material)
- Repair or replacement of fencing, landscaping, or security systems
- Replacement of damaged Personal Property, including but not limited to:
 - Washing Machines, Dryers, Dishwashers
 - Window air conditioner units
 - For Solution 2 Applicants: Solution 2 Applicants who act as their own general contractor (owner builders) are not eligible to receive overhead and profit in their SOW amount.

The Program prices the SOW to rehabilitate or reconstruct, based on standard grade materials and a schedule of unit costs for site specific conditions. Due to the scope and nature of this program, Applicants cannot request material or finish upgrades.

7.6 Building Code Compliance

All residential construction projects must comply with the current published housing construction codes of the State of California. Housing construction codes for building in California follow federal and state laws, regulations, and adaptations for construction of single family and multifamily units.

Building standards are published as the California Building Standards Code under the California Code of Regulations, Title 24, and construction standards must meet or exceed all applicable requirements for housing or building construction.

Construction standards for HCD's housing projects can be referenced online at: <https://www.hcd.ca.gov/building-standards/index.shtml>. These include but are not limited to:

- Local Building Codes
- Wildland-Urban Interface (WUI) Area Building Codes
- CALGreen – California Green Building Standards Code

7.7 Preliminary Grant Determination

The Program determines the grant amount by calculating the final project cost, based on the final SOW. All DOB received by the Applicant for the same purpose of rehabilitation or reconstruction is deducted.

The cost of any construction activities which are already underway or complete by the Applicant are evaluated and if approved by program is input into the Applicant's award calculation as a reduction to the DOB.

Finally, the outstanding construction activities needed to complete a reconstruction project or return the home to pre-disaster livability standards are input into the grant determination, to calculate the preliminary grant award, not to exceed the Program award cap of \$500,000 per damaged structure for 2017 and 2018 eligible Applicants.

If any household member is disabled and special accommodations are needed, Applicants can request special accommodations and Scope modifications. The cost of such modifications is reviewed for reasonableness and count towards the Applicant's award cap of \$500,000 per damaged structure for 2017 and 2018 eligible Applicants, however exceptions can be made for necessary special accommodations that increase an Applicant's scope of work above the grant award cap limit.

7.8 Award Calculation

The HAPM calculates the total grant award after completing review of all requested submittals from the applicant and the CM. The award amount is determined by taking the total need and subtracting previous assistance to come up with the "remaining need".

The award calculation yields one of three results:

- a. Zero award – When the DOB (assistance already received) is equal to or greater than total need
- b. Grant award – remaining need is greater than DOB but less than or equal to the grant cap of \$500,000
- c. Grant Award + Gap – remaining need is greater than DOB and greater than the grant cap. Applicants must provide funds to cover the difference between the award and the total cost of the reconstruction/rehabilitation.

7.9 Subrogation – Repayment of Duplicative Assistance

The Applicant and HCD will enter into a Subrogation agreement at acceptance of the Grant Award Acknowledgement which gives HCD the right to collect any additional assistance or insurance payouts the Applicant receives for the applicable disaster-related events (DOB) after the Applicant has accepted their Grant Award Acknowledgment and entered into a CM construction contract for Grant funds. All available duplicative funding must be reported to the Program and accounted for, regardless of when it was received by the Applicant.

Upon additional benefits being received, the Program recalculates the award

and provides instructions if the Applicant must remit duplicative amounts to the Program.

DOB reviews are conducted again prior to close out of the project file. Any DOB amount identified during these reviews must be repaid to HCD. See Section 10: Recapture, for additional information.

7.10 Pre-Award Verifications

Applicants are responsible for providing truthful, accurate, and complete applications to the Program. However, prior to making an award, the Program is responsible for reviewing each Applicant file to verify all information is complete, Applicant eligibility is verified, and all benefit calculations are completed correctly.

The Case Manager conducts the initial financial analysis and grant award determination with verification by the HAPM and HCD.

7.11 Final File Review (Quality Assurance/Quality Control 1 + 2)

After the design process is completed, the HAPM team will conduct Quality Assurance/Quality Control 1 (QA/QC1) to ensure file completion and feasibility of the project before submitting the completed file to HCD. HCD Staff will conduct Quality Assurance/Quality Control 2 (QA/QC2) before final approval to move into Grant Award Acknowledgement.

7.12 Grant Award Acknowledgement Letter

A Grant Award Acknowledgement letter is generated and posted to the Applicant's account and a notification email is sent to the Applicant once the following steps have been successfully completed:

- Completed application
- Submission of all required documents
- Eligibility determination is completed
- DOB analysis completed
- Environmental review completed
- Property inspected with ECR, and SOW determined
- Award amount determined

The Grant Award Acknowledgement letter provides the Applicant with information about their potential eligible award amount, any homeowner escrow required to eliminate gaps in funding, award calculation, SOW, and information about the appeals process.

In eGrants, the Applicant can opt to accept the award determination, appeal the award determination, or consult with their case manager on the calculation of their award amount.

When an Applicant is deemed ineligible, they receive a letter stating the reason

and outlining the appeal process.

Section 8: Post-Award Closing Process

During the Closing Process, the Applicant will accept the Grant Award Acknowledgement letter, sign the deed restriction, sign the escrow agreement and transfer any escrow funds (if applicable), and sign the construction contract.

8.1 Grant Award Acknowledgment and Escrow Agreement

Applicants must accept their Grant Award Acknowledgment in eGrants upon completion and clearance of the environmental review and before any grant funds are paid on behalf of an Applicant. Grant funds are not fully obligated to the Applicant until the Grant Award Acknowledgment is accepted.

If DOB funds and/or additional funds over the grant cap are required, the Applicant must sign an Escrow Agreement with HAPM and supply those funds to the Program-managed escrow account before the Applicant can execute a construction contract with CM and before construction can begin.

Applicants who accept the Grant Award Acknowledgement must also sign a 24-month deed restriction. HAPM will record all deed restrictions in their applicable County Recorder's Office for a period of 24 months to satisfy Program compliance requirements.

An Award through the program requires the homeowner to certify that they understand and agree to all the terms and requirements of the program including the following provisions:

1. Homeowner Award Calculation, which explains how other resources determined to be DOBs were handled and how the grant was calculated. The award is calculated using the DOB Review for any repairs or reconstruction completed and the final SOW for rehabilitation work or reconstruction costs required to complete the Applicant's project.
2. Flood Insurance Requirement (if necessary), which informs the homeowner of the requirement to obtain flood insurance and pass that obligation on to the subsequent owners.
3. Subrogation and/or Assignment Agreement, in which the homeowner agrees that any additional funds the homeowner may receive from potential DOB sources belongs to the Program and confirms their obligation to immediately notify the Program if they receive such funds.
4. The application process includes required application certifications that include a declaration of the 24-month Deed Restriction that the homeowner agrees to abide by.
5. Confirm they still own the damaged property and they have not received notices of default or seizer that may affect the title of the damaged property and their obligation to immediately notify the Program if they receive such notices.
6. Hold Harmless Indemnification. Homeowner agrees to indemnify and hold harmless HCD and its agents, staff, employees, officers, directors, affiliates,

successors and assigns, of and from any and all claims, demands, debts, contracts, expenses, causes of action, lawsuits, damages, and liabilities of every kind and nature, including any claims of owner or employee negligence, whether known or unknown, in law or equity, including any claims against and/or regarding the Contractor or subcontractors, which they have, ever had or may have (“Claims”), arising from or in any way related to contractor’s obligations under the agreement with respect to the Project. This includes reasonable attorneys’ fees the Program may incur in enforcing this hold harmless indemnification. However, this indemnification does not apply to any acts of gross negligence, or intentional, willful, or wanton misconduct of the Program.

8.2 Transfer Escrow Funds

After accepting the Grant Award Acknowledgement, signing the deed restriction and signing the escrow agreement, the Case Manager will contact the Applicant and arrange transfer of Applicant’s escrow funds into a third-party account held by the HAPM services vendor.

8.3 Notice to Proceed (NTP)

The CM follows the procedures below for issuing an NTP for both Solution 1 and Solution 2 projects:

1. The CM verifies with the Case Manager that all Program required agreements and documents have been fully executed and no additional documents are required from the Applicant.
2. The CM prepares an NTP package that includes:
 - NTP checklist and all supporting documents required for the subject property to ensure a complete package is on file prior to construction
 - The CM works with homeowner to Execute construction contract.
3. Upon execution of the construction contract and a complete NTP package, CM verifies the following administrative requirements are complete:
 - Valid performance and payment bonds have been submitted to the Program (when required by the Program).
 - All insurance policies are active as required by the contract.
 - Environmental review has been approved.
 - Utilities have been properly disconnected and retired.
 - Contractor has issued construction permits and Program has been provided permitted plans.
 - Homeowner and any occupants have moved out and a contents removal plan has been agreed upon between the building contractor and the homeowner.
 - Contractor holds all valid Contractor Registrations.

- Solution 1 projects with a SOW in excess of \$100,000: the building contractor has provided an overall bonding letter to the CM, which verifies their bonding capacity.

The CM issues an NTP for Reconstruction or Rehabilitation based on project requirements. The NTP is issued in writing using the appropriate form. The NTP is provided in hard copy or a scanned version is e-mailed to the building contractor and the scanned version is uploaded into the homeowner's file.

Section 9: Construction Process

The CM's responsibilities include maintaining and creating paperwork for assignments, overseeing contractor pre-construction meetings, and monitoring projects by conducting on site progress inspections.

9.1 Construction Monitoring, Progress, and Final Inspections

Solution 1 and Solution 2 building contractors are responsible for contacting the CM to request all onsite progress inspections as construction milestones are achieved. The CM conducts inspections to verify the work being invoiced has been performed in a workmanlike fashion. CM uploads all progress inspection reports to eGrants/System of Record to be used by Program staff for processing draw requests.

When work is nearing completion, the building contractor notifies the Program of a specific date when the job is ready for final inspection, which guarantees that all work has been completed according to contract specifications. The CM will deliver copies of all building inspections and permits issued by the local building authority(ies). The Program verifies that the homeowner receives all warranties and instruction booklets for installed equipment.

9.2 Draw Request Process

Work must start on each specific project within 30 days after permits and NTP are issued for the site. The CM may submit draw requests for payment at the following intervals:

A. Solution 1: Stick-built Draw Intervals:

- 25% Substantially Complete (prior to vertical construction and dry-ins. Milestone includes demolition where necessary, slab pour where necessary/foundation installed, all rough sewerage, and electrical conduit).
- 75% Substantially Complete (prior to insulation and drywall. Milestone includes framing, roof, windows, and exterior siding installed).
- 95% Substantially Complete (milestone includes all finished work, Certificate of Occupancy, and final signoff by homeowner on satisfactory completion of construction activities including all punch list items. House is complete at this point).
- 100% Retainage (5% retainage will be invoiced 45-days after construction completion and key turnover to Applicant).

B. Solution 1: MHU Draw Intervals:

- 25% (milestones include MHU ordered and construction contract signed)
- 75% (milestone includes Written confirmation from the factory that the unit is ready)
- 95% Substantially Complete (milestone includes all finished work, Certificate

of Occupancy, and final signoff by homeowner on satisfactory completion of construction activities including all punch list items)

- 100% Retainage (All finished work, Certificate of Occupancy, and final signoff by homeowner on satisfactory completion of construction activities including all punch list items. Also, a 5% retainage will be invoiced 45-days after construction completion and key turnover to Applicant)

C. Solution 2 Draw Intervals:

Solution 2 draw intervals are calculated as a dollar value percentage of the scope of work needed to finish the Applicant's Solution 2 project. The dollar value and construction milestones will vary between projects. The Applicant's general contractor (Applicant GC) may request a progress inspection (and bill) outside of these draw intervals only if the progress inspection request constitutes at least 20% of the scope of work value and the Program's CM approves of the draw. CM will conduct no more than one progress inspection per month.

- 25% Of scope of work value completed
- 75% Of scope of work value completed
- 95% Substantially Complete (milestone includes all finished work, Certificate of Occupancy, and final signoff by homeowner on satisfactory completion of construction activities including all punch list items. Home is complete at this point)
- 100% Retainage (5% retainage will be invoiced 45-days after construction completion and key turnover to Applicant)

Draw requests must be accompanied by progress reports with photos, building inspections by local building authorities, all necessary permits issued by local building authorities, and sign-off by construction inspector certifying that all work is satisfactory and complies with all state and local building codes.

Prior to the final payment, all expenses will be reviewed by HCD as allowable per CDBG-DR regulations.

9.3 Change Orders

Change orders may be necessary during Rehabilitation or Reconstruction for either Solution 1 or Solution 2 projects. The purpose of the change order is to communicate and record changes to the SOW, contract amount milestones and/or contract time.

Change orders are issued when the initial agreed upon scope and/or pricing requires modification due to unforeseeable conditions. The building contractor must complete a change order and the homeowner must sign, acknowledging they are aware of and approve the requested changes. The change order and all supporting documentation must be delivered to the CM for approval.

Homeowner-initiated changes in SOW are not accepted unless the change is related to an accessibility issue or building code changes that have developed

since the development of the SOW.

The CM reviews all requests for change orders, evaluating for cost reasonableness of the change order and submits to the senior Construction Manager for approval. Additionally, change orders must be reviewed in accordance with all federal, state, and program environmental requirements. The CM notifies the building contractor in writing of either approval or denial of the building contractor's proposed change order. No change order, regardless of whether there is a cost involved, shall be deemed valid if it is not approved in writing. The change order is prepared by the general contractor, approved by the CM, and signed by the contractor and the homeowner before the Program's approval. Work completed without written authority is considered unauthorized and at the contractor's expense. All Change Orders must be supported by a cost reasonableness analysis and consists of:

- The reason the change is necessary
- The type and SOW needed
- The estimated cost
- The estimated number of days to complete

The CM transfers the approved Change Order and all supporting documents to the Case Manager for recalculation of award amount. If the change results in a modification to grant award amount, the Grant Award Acknowledgment is amended in addition to the construction agreement. Changes that result in a change to the grant amount requires HCD approval to modify the Grant Award Acknowledgment.

Costs included in approved change orders are invoiced on the final draw only.

9.4 Construction Warranty

In accordance with California Civil Code 900, a builder shall provide a homebuyer with a minimum one-year express written limited warranty covering the function, fit and finish of the following building components:

- Cabinets
- Mirrors
- Flooring
- Interior and Exterior Walls
- Countertops
- Paint Finishes
- Trim

Building contractors for both Solution 1 and Solution 2 projects must provide all express warranties prior to the inspector signing a final inspection form. Photographs of the construction work are taken for documentation purposes.

Homeowners must be provided with a warranty information binder detailing

building warranties as well as instruction booklets and information for warranted items beyond the scope of the building contractor such as appliances.

The homeowner must sign an acknowledgement form indicating that they have reviewed warranties with their building contractor.

Section 10: Program Policies

10.1 Program Appeals

Documentation on the appeals process for the award amount is included with each Applicant's Grant Award Acknowledgement, zero award or ineligibility letter. An appeal of the award amount must be filed within thirty (30) calendar days of the date of the award determination letter or ineligibility letter.

Award amount appeals are not accepted after the Grant Award Acknowledgment is executed.

Once the file reaches award acknowledgment, zero-award determination, or an ineligible status, the Applicant has the option to file an appeal for one of the following reasons:

- a. Program eligibility,
- b. Grant award calculation, prior to the acceptance of the Grant Award Acknowledgment,
- c. Cost estimates, for repairs or Reconstruction, limited to measurements of the home and/or quantities of damaged materials only,
- d. Duplication of Benefits (DOB), and/or
- e. File closure.

Applicants may not appeal policies that have been approved and incorporated by the Program, such as the process for assessing the value of materials eligible within the Program. Also, statutory and regulatory requirements and standards may not be appealed.

Once the Program appeal has been submitted, the Program may request the Applicant to submit additional supporting documentation. Such supporting documentation may include, but not be limited to, Program eligibility documentation, property records, and/or correspondence from insurance companies, FEMA, or SBA.

Resolution of Program appeals are handled by conducting a thorough full file review of documentation provided to support appeal reason(s), and careful implementation of Program policies. This full file review may result in positive or negative changes to the eligibility status or an increase or decrease in the previous award amount.

Appeals must be submitted in writing, to the Program via eGrants, U.S. Mail, or email.

An appeal determination letter will be mailed to the Applicant after complete review of the file and supporting documentation. Notices will also be sent via email and the eGrants system.

A. Appeals Process

If the Applicant disagrees with an award determination made by the Program, they may file an appeal within 30 days from the date of receiving the award

determination, zero award, or ineligibility letter.

To file an Appeal, the Applicant must provide any program determination, zero award, or ineligibility letter and any new information or supporting documentation that was not available at the time of the initial appeal. Applicants must also provide a narrative describing, in detail, the reason(s) they are requesting a review of the appeal determination.

All Appeal Review Requests must be submitted in writing in one of three ways:

By eGrants: Select the “Appeal” option on the eGrants Award Acknowledgement screen

By e-mail: ReCoverCA@hcd.ca.gov

By U.S. Mail: California Department of Housing and Community Development
ReCoverCA OOR Program
2020 West El Camino, Ave. Suite 405
Sacramento CA 95833

Within 5 business days of receiving the Appeal request, a Program Representative drafts an initial recommendation and provides it along with all appeal supporting documents to the Program Manager. The Program Manager will make a determination within 7 business days after receipt of the Appeal.

After review, if the Program Manager approves the Appeal request, the Program Manager will instruct HAPM on the changes to be made to the Applicant’s file and a determination letter is mailed to the Applicant. If the Program Manager is unable to approve the request, the appeal request will go to the Program Appeal Review Panel for final review. Generally, the Appeal Review Panel will decide on an appeal and issue a determination letter to the Applicant within 20-25 business days of receipt of the Appeal.

The Appeal Review Panel is comprised of 3 or 5 members. The Appeal Review Panel meets bi-weekly to review all outstanding appeal review requests that were not approved by the Program Manager for final determination.

Appeal requests that do not provide new information that was not available at the time of the program award or eligibility determination will be rejected without going to the Appeal Review Panel.

10.2 Section 504 Coordination Complaints and Grievances

Section 504 of the Rehabilitation Act of 1973 is the anti-discrimination law that protects the rights of qualified individuals with disabilities to equal opportunity in programs and activities which receive federal funds.

It is the policy of HCD, and therefore its contractors or grantees, to fully comply with the requirements of the Americans with Disabilities Act (ADA), the Rehabilitation Act of 1973, and the California Fair Employment and Housing Act (FEHA) and state and federal laws related to the rights of persons with disabilities.

All individuals, a class of individuals, or their representative alleging discrimination have the right to submit a verbal or written complaint or grievance on the basis of the following protected category: race, color, religion, ancestry, physical or mental disability, medical condition, genetic information, sex, sexual orientation, marital status, age, gender, gender identify, gender expression, military status or veteran status regarding services, activities, facilities, or benefits provided by the Program.

Any individual who believes they have been discriminated against by any facet of an HCD program or activity may file a verbal or written complaint or grievance with HCD by contacting HCD's designated Section 504 coordinator at:

California Department of Housing and Community
Development EEO Office – Attention ADA Coordinator
2020 West El Camino, Ave. Suite 630
Sacramento CA 95833
Email: EEO-Office@hcd.ca.gov
Phone: (916) 263-3635

10.3 Construction Grievances

Applicants may submit grievances with their Solution 1 contractor for work that does not meet the terms of the established homebuilding contractor standards and workmanship. The Applicants can present their grievance to the Program and the state to contest the work that is being or has been performed.

In order to be valid, the grievance must:

- Be filed in writing,
- Be relevant to the approved SOW, and
- Provide a detailed explanation of the grievance and its basis.

Solution 1 Construction Grievances must be submitted in writing, which may include mail, fax and/or email. The mailing address is listed below:

Department of Housing and Community Development CDBG-DR
Program- Construction Grievances
P.O. Box 952054
Sacramento, CA
94252-2054

Attn: ReCoverCA OOR Program Manager, Suite 200

Solution 2 construction grievances must be resolved by the Applicant since the HCD is not a party to the contract between the Applicant and their homebuilding contractor.

10.4 Grant Recapture Policy (Subrogation)

To address any potential future DOB, Applicants must, as a requirement for participating in this Program, agree to enter into a signed Subrogation

agreement to repay any assistance later received for the same purpose as the Program funds. If, subsequent to an award, a re-assessment of need occurs and the Applicant receives an increased award, then the Applicant shall be required to sign a revised Subrogation agreement to repay any assistance later received for the same purpose as the Program funds.

An Applicant may be required to repay all, or a portion of the assistance received from the Program. The reasons for grant recapture include, but are not limited to:

- Providing false or misleading information to the Program.
- Withdrawal from the Program prior to completion of the project. Withdrawal from the program must be in writing or email and a new survey and application will be required if the Applicant wishes to participate again, provided the survey and/or application period are still open.
- Construction is not completed due to non-cooperation by homeowner(s).
- Non-compliance with the approved SOW in a manner that would make the home ineligible (i.e., did not comply with lead paint abatement requirements).
- Failure to report the receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other DOB received after award.
- Receipt of or failure to complete the Solution 2 Homeowner-Managed Rehabilitation or Reconstruction requirements, according to program requirements.

10.5 Anti-Fraud, Waste, and Abuse

During the application process, Applicant(s) sign a fraud acknowledgement statement, asserting and affirming under penalty of perjury that all information in their survey and application, as well as documents provided and executed in conjunction with the Program are true to the best of their knowledge. Applicant(s) certify that all damages claimed in connection with an application were a direct result of the disaster(s), and that all insurance proceeds and other funds received from governmental agencies as compensation for damages as a result of the disaster(s) have been disclosed. Further, Applicant(s) acknowledge that they may be prosecuted by Federal, State and/or local authorities in the event of false, misleading and/or incomplete statements and/or documents. Applicant(s) agree to repay Program funds in the event Applicant(s) make or file false, misleading and/or incomplete statements and/or documents.

The Program has established procedures for verifying the accuracy of information provided by Program Applicants. Internal processing steps are taken to identify discrepancies in information provided by third parties that may be indicative of fraud, waste, and abuse. These steps are conducted systematically, utilizing standardized research methodologies and flag identification processes for consistency and equitable treatment across relevant sources.

The Program also verifies the accuracy of information provided by its vendors. As part of the state procurement process, contractors are required to complete a vendor background questionnaire and to report pertinent information relating to the contractor and/or its key personnel. Prior to contract execution, company background checks are conducted, and channels are established with other agencies to verify and validate those that will be providing services on behalf of the program. Processing steps including multiple levels of quality assurance and quality control reviews are conducted to validate vendor provided application information used in an applicant's eligibility and award determination as well as during the construction process.

The fraud acknowledgement signed by applicant(s) during the application process includes a notice of the danger of fraud and scams perpetrated by unscrupulous individuals, contractors and businesses. Anyone wishing to report suspicious or fraudulent activity may contact the program via email at ReCoverCA@hcd.ca.gov or via phone at (916) 263-6461.

Applicants who are victims of theft, vandalism, or contractor fraud will also need to file a formal complaint with a government authority such as a law enforcement agency, the California Contractor's Licensing Board, or the Attorney General. Additionally, a civil action filed in a California court detailing the cause and amount of fraud in sufficient form can suffice and may be reviewed by HCD when making a final determination of consideration for unmet needs assistance.

The Program has procedures in place to address a homeowner's unmet assistance needs as a result of fraud, waste, or abuse by a contractor. If proven, the homeowner's Duplication of Benefit can be reduced, and the Program can provide scope to cover the Applicant's unmet needs to complete home repairs.

10.6 Referral to HUD Inspector General

Program staff have an obligation to promptly report misconduct, fraud, waste, abuse, or mismanagement directly to the Office of Inspector General (OIG) in the administration of, or participation in, disaster recovery programs. This includes irregularities, misrepresentations, and bribery overtures (attempts or solicitations included).

Program staff must also refer cases to OIG when they have questions about the truthfulness or accuracy of any application or supporting documentation, data, or information (including tax return information) provided by Applicants and/or Applicants' representatives, in the course of participation in the Program.

10.7 Temporary Relocation of Impacted Tenants

The Program is voluntary and not subject to the Uniform Relocation Act (URA) requirements for Homeowners. However, URA would be applicable to tenants that currently occupy a property at the time the Homeowner has applied for the Program. Displacement due to a disaster does not trigger URA so if there were tenants that were displaced by the disaster, URA is not applicable to those tenants. However, if a property awarded funding through the Program has a tenant(s) currently present and legally occupying, the tenant(s) might meet the

URA definition of “displaced” and be entitled to receive temporary URA Relocation benefits.

Section 11: Construction Closeout, Applicant Compliance, and Monitoring

After completion of construction, the CM conducts a final site visit to validate that all activities detailed in the SOW are complete and in accordance with all Program requirements and state and local building codes. The CM confirms that all work has been accepted by the local building inspector and that any required certificate of occupancy has been issued. At this time, the CM completes a final inspection form, signed off by the homeowner and the building contractor, indicating that all construction activities are complete and satisfactory. This final inspection and signoff are included with the Applicant's file. The CM also verifies that the Applicant's file includes:

- All required permits and building inspection reports
- Final Program inspection
- Documentation on release of liens
- Certificate of occupancy
- All environmental reports and remediation details
- Construction warranties and any associated material or product warranties

Additionally, the Case Manager performs a closeout reconciliation of the Applicant file, ensuring that the following documents have been collected:

- Proof of ownership and occupancy at the time of closeout
- Update DOB verification
- If in flood zone, proof of flood insurance at time of closeout

11.1 Compliance and Monitoring

To safeguard the CDBG-DR investment in the property, HCD requires a deed restriction on properties funded through the Program. The deed restriction, recorded after the Applicant signs the Award Acknowledgment, remains in effect for a period of 24-months following the date of receipt of the certificate of occupancy for the rehabilitated or reconstructed home. The deed restriction is filed in the applicable County Recorder's Office in the County Property Record for Stick-built homes and/or on the Title of the MHU.

The 24-month deed restriction is monitored annually by the Program and/or HCD staff. For the entire length of the deed restriction period (24-months), the property **cannot**:

- Be sold,
- Be used as a second home, or
- Be converted into rental property.

If within the first 12-month monitoring period, Applicants fail to comply with the compliance requirements, the Applicant is responsible for repaying the **total**

grant amount back to HCD. If within 13-24 months monitoring period, Applicants fail to comply with the compliance requirements, the Applicant is responsible for repaying **fifty percent** (50%) of the total grant amount back to HCD.

If the Applicant is in compliance, at or on the beginning of the 25th month of the compliance and monitoring period, the deed restriction, i.e., lien on the property, is released and the total grant amount is forgiven. Accordingly, all Applicants must be able to comply with the Program requirements. Exceptions to this policy may include documented active-duty military relocation or deployment, as well as death or incapacity of eligible owner/occupant. All exceptions to compliance with Program requirements are considered on a case-by-case basis.

11.2 Insurance

If the property is Rehabilitated or Reconstructed in a Special Flood Hazard Area, the Applicant is required to maintain flood insurance in perpetuity. This obligation is also passed on to subsequent owners of the property. Applicants who fail to maintain flood insurance when required in perpetuity risk being ineligible for future disaster relief.

A. Staff Organization

The HAPM monitors Applicant compliance with program requirements and deed restrictions for the 24-month compliance period on behalf of HCD. Any compliance activities that remain at the end of the HAPM vendor's contract with the state will be transitioned to HCD staff.

B. Responsibilities

The responsibilities of the Compliance and Monitoring staff is to ensure that Applicants are compliant with the grant funding dates for a 12-month timeline and a 24-month timeline, for each funded grant.

C. Compliance Questionnaire

Prior to the end of the 12-month compliance period, a Compliance Questionnaire is mailed to the Applicant, at the damaged address or new MHU location. This letter lists all required documentation needed to confirm compliance with the Grant funds. Applicant is required to complete and return the questionnaire and any required supporting documentation within 30 calendar days of receipt. A checklist is completed once all the required documentation is submitted by the Applicant.

- If the documentation determines the Applicant to be compliant, the file is flagged for review at the 24-month compliance due date.
- If the documentation is not sufficient, the file is determined non-compliant, and is processed to recapture the grant award.

Prior the end of the 24-month compliance period, a Compliance Questionnaire is mailed to the Applicant, at the damaged address or new MHU location. This questionnaire lists all required documentation needed to confirm compliance

with the Grant funds, for the final 12-month period. Applicant is required to complete and return the questionnaire and any supporting documentation within 30 calendar days of receipt. A checklist is completed once all the required documentation is submitted by the Applicant.

- If the documentation determines the Applicant to be compliant, the file is determined compliant and closed.
- If the documentation is not sufficient, the file is determined non-compliant, and is processed through the Grant Recovery Process, to recapture ½ of the grant award.

Section 12: Program Closeout

Program closeout is when all applicable administrative and programmatic requirements are completed. In general, a Program is ready for closeout when the following conditions are met:

- All eligible activities were completed.
- All Program funds were expended in full, or all remaining funds are planned to be returned to HUD
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable)
- Any special conditions of the Program were met
- All audit and monitoring issues affecting the Program were resolved

At this time, CDBG-DR specific guidance from HUD on Program closeout has not yet been produced. Final Program closeout may be adjusted to meet the closeout criteria set forth by HUD in a future federal register or through other official means.

Within 90 days of the execution date of the Closeout Certification, HCD submits to HUD a copy of the final performance and evaluation report described in 24 C.F.R. part 91 as well as Federal Financial Report SF-425 or a financial report that meets the criteria in 24 C.F.R. part 570.489(d).

Section 13: Records Management

As outlined in the CDBG-DR Grants Administration Manual, records are maintained in accordance with 24 C.F.R. part 570.490, in reference to 2 C.F.R. part 200. Records are kept to document compliance with Program requirements, with federal, state, and local regulations, and to facilitate audit review by HUD. CDBG-DR records, including Program documents, are subject to the Freedom of Information Act (FOIA) and California Public Records Act (PRA).

13.1 Administrative Records

Administrative records, kept in electronic format, are files that apply to the overall administration of the CDBG-DR funded Program. They include the following:

- Personnel file,
- Property management files
- General Program files
- Legal files
- Financial records
- Project/Applicant files

13.2 Personally Identifiable Information (PII)

Personally, Identifiable Information (PII) is information that can be used to distinguish or trace individual's identities. Examples of PII include names, addresses, income verification documents, disability status, employment status, etc. which can be linked or is linkable to a specific Applicant and/or beneficiary of CDBG-DR Programs. As the Program receives direct applications from homeowners requesting assistance, the Program keeps all PII information for the duration of the project, in the eGrants system of record.

If records containing PII are subject to Freedom of Information Act or California Public Records Act requests, such records shall only be released in accordance with state and federal law. PII records are only stored as long as is necessary, in accordance with record retention requirements at 2 C.F.R. part 200.333 and 24 C.F.R. part 570.502(a)(7).

13.3 File Security

The Program has adequate procedures in place to collect and process Applicant provided information, while providing assurances that any Personally Identifiable Information (PII) is handled properly and sufficiently protected. The Program system of record, eGrants, is hosted on Amazon Web Services (AWS), which the California Department of Technology has approved for off-premises cloud services. It leverages the security features provided by AWS to protect sensitive or private information transmitted through or stored within the system. User permissions within eGrants ensures that each system user has restricted rights to features and modules approved only for their level of

access.

Multi-Factor authentication is a feature in eGrants that requires more than one form of authentication to verify user identity for a login or other transactions to protect user data. eGrants uses Google's reCAPTCHA V2 as a mechanism to prevent Internet bots from creating fake accounts to access the system. It requires human interaction to click the checkbox and respond to the challenge presented. reCAPTCHA is used on the Registration, Login, and Forgot Password screens of the Homeowner Interface.

Additionally, eGrants requires the usage of strong user passwords, which include a mix of letters, numbers, and special characters. Passwords are encrypted to assure privacy. Finally, eGrants utilizes end to end encryption of Applicant social security numbers to ensure security.

In no case shall an Applicant's PII or file information be released to another party without written consent of the Applicant. In addition, CDBG-DR personnel are not permitted access to any file where there could be a potential or perceived conflict of interest.

13.4 Record Retention

HCD maintains Program and project-related documents, including financial records, supporting documents, statistical records, and other pertinent records. These records are maintained for a minimum period of five years from the closeout of HUD's grant with HCD. All subgrantees and contractors for the Program are also subject to this policy and all financial and Program files are maintained accordingly. Records are maintained to document compliance with Program requirements and federal, state, and local regulations and to facilitate an audit review by HUD. Records are maintained in accordance with 24 C.F.R. part 570.3, which states they must be maintained for a period of 5 years following the closeout of HUD's grant with the state. Proper records management ensures that:

- The state complies with all requirements concerning records and records management practices under Federal and state regulations.
- The state has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements and community expectations.
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner based on HUD Handbook 2225.6, Records Disposition Schedules, and HUD Handbook 2228.2.

13.5 Applicant Files

All Applicant files are maintained for the duration of five years after HCD's grant closeout with HUD, within the eGrants system of record.

Applicants are subject to audit and further review throughout their participation in the Program and up to five years after project completion. Applicants must provide additional documentation in support of their applications as requested by the State, its representatives or agents, HUD, HUD OIG, or the California Legislative Auditor. Failure to comply with these requests may result in recapture of funds.

13.6 Fair Housing / Civil Rights

HCD follows policies and procedures for compliance with Affirmatively Furthering Fair Housing (AFFH) requirements during the planning and implementation of all Program activities. Such policies and procedures involve a review that includes an assessment of the demographics of the proposed housing project area, socioeconomic characteristics, environmental hazards or concerns, and other factors material to the AFFH determination.

Programs are required to comply with all relevant fair housing laws, including the federal Fair Housing Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act. These laws prohibit discrimination in housing and federally assisted Programs on the bases of race, color, national origin, religion, sex, disability, and familial status. The federal obligation to affirmatively further fair housing stems from the Fair Housing Act. State fair housing laws, including the California Fair Employment and Housing Act, are also required for Fair Housing compliance.

13.7 Section 3

For projects that have more than \$200,000 of federal funding for construction activities, Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents. Section 3 eligible residents are low- and very low-income persons, particularly those who live or reside in public, or government assisted housing.

In accordance with Section 3, construction contractors using CDBG funding for housing rehabilitation or to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the project area. Section 3 compliance actions include:

- Prepare and utilize a Section 3 Plan
- Designate a Section 3 Coordinator
- Take affirmative steps to follow the Section 3 Plan and document those efforts
- Include the Section 3 Clause and the Contractor Certification of Efforts to Fully Comply with Employment and Training Provision of Section 3 in any bid packets for contracts on OOR projects. Notify all bidders that adherence to the State's Section 3 Plan is required for contracts and sub-contracts in excess of \$100,000

The CM vendor is responsible for compliance with Section 3, not individual homeowners.

Section 14: Definitions

Abuse - The excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use so as to abuse one's position or authority. "Abuse" does not necessarily lead to an allegation of "fraud," but it could, depending on the circumstances.

Access and Functional Needs - A population of individuals who may have additional needs before, during, and after an incident in functional areas, including but not limited to, maintaining independence and communication.

Affirmatively Furthering Fair Housing (AFFH) - AFFH is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. HUD's AFFH rule provides an effective planning approach to aid Program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Additionally, the Program follows California AFFH rules as applicable per California Government Code 65583 and 65583.2; and Division 1 of Title 2, Chapter 15 commencing section 8899.50.

Applicant - An owner-occupant(s) of a damaged property and has been invited to apply for housing assistance.

Area Median Income (AMI) - Calculated annual limits based on HUD-estimated median household income with adjustments based on household size used for demonstrating low-to-moderate income beneficiaries in the Programs.

California Department of Forestry and Fire Protection (CAL Fire) – the department responsible for fire protection throughout California as well as various other emergency services in 36 of the State's 58 counties.

California Environmental Quality Act (CEQA) – Requires state and local government agencies to inform decision makers and the public about the potential environmental impacts of proposed projects, and to reduce those environmental impacts to the extent feasible.

California State Office of Historic Preservation (OHP) - responsible for administering federally and state mandated historic preservation programs to further the identification, evaluation, registration, and protection of California's irreplaceable archaeological and historical resources under the

direction of the State Historic Preservation Officer (SHPO), a gubernatorial appointee, and the State Historical Resources Commission.

Construction Manager (CM)- Refers to the Full-service Construction Management and Delivery Services vendor procured by the OOR Program.

Damage Assessment - The process used to verify that damage at a property can reasonably be attributed to the qualified disaster event(s) and the quantification of damages that results in the dollar value and scope of repairs necessary to repair the structure. The Damage Assessment is conducted at the application stage of the program to determine if the Applicant's property has sustained damage from an eligible disaster and still has outstanding repairs or reconstruction that still needs to be completed.

Demolition - Clearance and proper disposal of dilapidated buildings and improvements.

Disability - For the purposes of the Program, consistent with federal law under the Social Security Act, as amended, 42 U.S.C. § 423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12102(1)-(3), and in accordance with HUD regulations at 24 C.F.R. §§5.403, 891.505.

Disaster Recovery Grant Reporting System (DRGR) - The Disaster Recovery Grant Reporting system was developed by HUD's Office of Community Planning and Development for the CDBG Disaster Recovery Program and other special appropriations. Data from the system is used by HUD staff to review activities funded under these Programs and for required quarterly reports to Congress.

Duplication of Benefits (DOB) - The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other Program or from insurance or any other source. A duplication of benefits occurs when an Applicant receives financial assistance from multiple sources and the total amount of the assistance exceeds the remaining eligible need for a specific recovery purpose.

eGrants - eGrants is the online application portal and system of record for the ReCoverCA California Owner-Occupied Rehabilitation and Reconstruction Program.

Environmental Protection Agency (EPA) - The Environmental Protection Agency protects people and the environment from significant health risks, sponsors and conducts research, and develops and enforces environmental regulations.

Environmental Review - All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Escrow - Account where an Applicant's funds are deposited, held, and expended prior to Program funds for Applicants who have a homeowner responsibility to complete their rehabilitation or reconstruction project.

Estimated Cost of Repair (ECR) – an initial line-item estimate of the cost to repair damages to an Applicant's property, or to reconstruct the property if necessary.

Federal Register - The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each appropriation of disaster funding.

Fire Hazard Severity Zones (FHSZ) – Geographical areas designated pursuant to State Codes. FHSZ are assigned a fire hazard level based on the factors that influence fire likelihood and fire behavior. Factors considered to determine FHSZ are climate, fire history, existing and potential fuel (natural vegetation), predicted flame length, blowing embers, terrain, topography, and typical fire weather for the area. See also **Wildland- Urban Interface (WUI) Area and Wildland-Urban Interface Area Building Codes** defined below.

Floodplain - FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- “100-year floodplain” — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- “500-year floodplain” — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Foreclosure - The action of taking possession of a mortgaged property when the mortgagor fails to keep up with their mortgage payments.

Fraud - An illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or other valuable commodity). Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny – each with its own specific legal definition and required criteria that can result in severe penalties and a criminal record.

Grant Award Acknowledgment (Award Acknowledgement) - final step in the application process where the homeowner reviews their award amount and calculation and then can either accept the amount and reaffirm their understanding and certification of compliance with all provisions of the award funding or, reject the and request to appeal their grant award amount.

Green Building Standards – guidelines for creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle from siting to design, construction, operation, maintenance, renovation, and demolition. The goal of green building

standards is to make efficient use of land, materials, energy, and water while generating minimal waste and providing a healthy indoor environment for occupants.

Household - A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other.

HCD - California Department of Housing and Community Development

HUD - (U.S. Department of Housing and Urban Development) - A Federal agency providing a variety of resources that can help state and local governments and other HUD-funded departments, agencies, or organizations prepare for and recover from disasters. For some Presidentially declared disasters, Congress may make an appropriation via the CDBG-DR Program, which provides funding to State, Tribal, and local entities for housing, economic development, infrastructure, public services, planning, resilience, and mitigation Programs and projects.

Income - Annual household income as defined by the Internal Revenue Service Adjusted Gross Income.

Lead-Based Paint - Paint or other surface coatings that contain lead equal to or in excess of 1.0 milligrams per square centimeter or more than .05 percent by weight.

Lead-Based Paint Hazard - Any condition that causes exposure to lead from dust-lead hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects as established by the proper Federal agency.

Limited English Proficiency (LEP) - A designation for persons that are unable to communicate effectively in English because their primary language is not English, and they have not developed fluency in the English language. An LEP person may have difficulty speaking or reading English and benefits from an interpreter who translates to and from the person's primary language. A LEP person may also need documents written in English translated into his or her primary language so that person can understand important documents related to health and human services.

Low to Moderate Income (LMI) Household - A household is considered to be low or moderate income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each county or metropolitan statistical area.

Low to Moderate Income National Objective - Activities that benefit households with income that does not exceed 80 percent of the area median income:

Very low: Household's annual income is up to 30% of the area median income, as determined by HUD, adjusted for household size

Low: Household's annual income is between 31% and 50% of the area median income, as determined by HUD, adjusted for household size

Moderate: Household's annual income is between 51% and 80% of the area median income, as determined by HUD, adjusted for household size

Major/Severe damages - \$8,000 or more of FEMA inspected real property damage, caused by the qualified disaster.

Manufactured Housing Unit (MHU) - Also known as a Manufactured Home as defined by 24 C.F.R. part 3280 (HUD-Code). A Manufactured Home is a structure that is transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The structure must be designed for occupancy as a principal residence by a single family. All Manufactured Homes must have a HUD Certification Label affixed and must meet the requirements of HUD-Code for Manufactured Homes as set by the National Manufactured Housing and Construction Safety Standards Act of 1974, and HUD Code Standards 24 C.F.R. part 3280 & 3282. The MHU must be built to meet local and regional building codes.

Modular Housing - A home built-in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently affixed to one site.

Mobilehome - As detailed in Chapter 2.5 of the California Civil Code, civil code 798.3 defines a Mobilehome (one word) as a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Section 35790 of the Vehicle Code. Mobilehome includes a manufactured home, as defined in Section 18007 of the Health and Safety Code, and a mobilehome, as defined in Section 18008 of the Health and Safety Code, but except as provided in subdivision (b), does not include a recreational vehicle, as defined in Section 799.29 of this code and Section 18010 of the Health and Safety Code or a commercial coach as defined in Section 18001.8 of the Health and Safety Code. A mobilehome is a factory-built home that was built before June 15, 1976 and not built to a uniform construction code.

Modified Adjusted Gross Income (AGI) – The annual income resulting from the recalculation of AGI (Line 11 of the Form 1040) by not counting negative income or losses reported Schedule 1, Part 1 Additional Income on the Applicant's Internal Revenue Service (IRS) Form 1040 Tax Return, alternatively, the Program will use zero ("0") for any negative income or losses.

Most Impacted and Distressed - HUD-defined areas of greatest impact

from a disaster. The most impacted and distressed areas as defined in the Federal Register Notices governing the appropriations funding this Program from the DR-4344 and DR-4353 disasters are Sonoma and Ventura counties, and the following zip codes: 95470, 95901, 94558, 95422 and 93108. The most impacted and distressed areas from the DR-4382 and DR-4407 disasters are Shasta, Lake, Butte, Los Angeles, and Ventura counties.

National Environmental Policy Act (NEPA) - Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government give proper consideration to the environment prior to undertaking any major federal action that could significantly affect the environment.

National Objective - the authorizing statute of the HUD CDBG program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are:

- 1) Benefit to low- and moderate-income persons.
- 2) Aid in the prevention or elimination of slum or blight; and
- 3) Meet a need having a particular urgency (referred to as urgent need).

Occupational Safety and Health Administration (OSHA) - Ensures safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education, and assistance.

Offsets – Assistance received by an Applicant which will not constitute a duplication of benefits, referred to as non-duplicative or offsets.

Owner-Occupant – person meeting criteria of having an ownership interest in a property while also occupying that same property as their primary residence.

Owner-Occupied Unit – housing unit meeting the criteria of having someone with an ownership interest in the property also occupying that same property as their primary residence.

Personally Identifiable Information (PII) - Information that can be used to distinguish or trace an individual's identity, such as name, and social security number, alone, or when combined with other personal and identifying information which is linked or linkable to a specific individual, such as date, place of birth, mother's maiden name, etc.

Primary Residence - The owner's principal place of residence, not a secondary or vacation home.

Primary Residence Homeowners' Property Tax Exemption - property tax exemption granted by subdivision (k) of Section 3 of Article XIII of the California Constitution providing for an exemption in assessed value on any property owned and occupied as the owner's principal place of residence.

Property Ownership - Holding an instrument, including a deed, mortgage, or other agreement that has been recorded with the county, city, or appropriate local authority.

Qualifying Disaster – A presidentially declared, major disaster for which HCD has been awarded CDBG-DR funding from HUD pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. In some cases, if California state funding becomes available for the Program, those funds may be administered for Governor declared disasters as well or may be paired with CDBG-DR and carried out in conjunction with the CDBG-DR funding.

Reconstruction - Possible demolition and re-building of a Stick-built or modular housing unit on the same lot in substantially the same footprint and manner using Standard Grade Building Materials only. The number of units on the lot may not increase and the total square footage of the original structure may not be substantially exceeded; In some cases, the square footage may be reduced and in no case shall a reconstruction exceed the largest floorplan offered by the program the Applicant is eligible for based on household size. For example, if a 2-person household originally had a 3000 square foot home, the largest reconstructed home eligible for program funds would be the largest 2- or 3-bedroom floorplan and Standard Grade finishes offered by the program. The Program does not reconstruct custom homes.

Rehabilitation - The improvement of an existing structure through alterations, incidental additions, or enhancements. Rehabilitation includes replacement of principal fixtures and components and improvements to restore housing units in the disaster-impacted areas to applicable construction codes and habitability standards. Rehabilitation estimates are based on standard grade building materials and housing characteristics (number of bedrooms, square footage, and structure type) to the original, damaged housing unit.

Replacement - The replacement of a damaged Mobilehome or Manufactured Housing Unit with a new Manufactured Housing Unit in substantially the same footprint, or at a new location if the original damaged unit was on leased land and the MHU owner must relocate to a new property. Replacement housing is comparable to the original, damaged housing in characteristics (number of bedrooms, square footage, and structure type).

Scope of Work (SOW) - A documented line item by line-item estimate of the damages observed during an onsite visit to a homeowner's property that quantifies the materials and labor necessary to repair observed damages. The SOW is completed by the Construction Manager (CM) during the design process of Applicant homes.

Second Home - Properties that served as secondary/vacation homes at the time of the disaster, or following the disaster, are not eligible for repair assistance or housing incentives. A second home is defined as a home that is not the primary residence of the owner at the time of the disaster or at the time of application for assistance.

Senior or Senior Citizen - an individual who is at least 62 years of age as of Program application date.

Special Review Hold - a status where an Applicant who has successfully submitted an Application has been found eligible, but cannot proceed with the Program for one of the following reasons: 1) Applicant cannot cover DOB (DOB HOLD), 2) Applicant cannot bring funds above the award cap to complete the project (Grant Cap Hold), 3) Applicant has been found non-LMI (Tiers 5-8) and the Program is currently not assisting non-LMI (Income Hold), 4) Any other reason which the Program Manager designates. Special Review Hold applications are not considered “active” applications. Therefore, the applicants are not required to remain in compliance with the Stop Work Order. Special Review Hold Applicants may appeal the conditions which placed them in Special Review Hold (such as income determination) by contacting their case manager and requesting that an appeal be initiated in the System of Record. Program retains the right to reinstate Special Review Hold applications at its sole discretion. To re-enter the Program, Special Review Hold Applicants will have to undergo eligibility review, income review, DOB review, home inspection, and environmental clearance again before resuming their applications.

Standard Grade Building Materials – non-customized materials that meet building code requirements.

State Historic Preservation Officer (SHPO) - responsible for the operation and management of the Office of Historic Preservation, as well as long range preservation planning.

Stick-built home - A home that has been built on-site using traditional construction materials and methods.

Subrogation - Repayment of duplicative assistance. In the context of a disaster recovery grant, a homeowner must enter into a Subrogation agreement where the funding agency (HCD) obtains the right to collect any additional disaster recovery funding, insurance payouts, or other funding determined to be duplicate assistance that the homeowner receives for disaster damages after HCD has expended disaster recovery funds for the benefit of the homeowner.

Substantially Damaged Properties - Value of damage to existing home is equal to or greater than 50% of the value of the structure before the damage occurred, i.e., 50% of the assessed value of the property less the land value.

Substantially Improved Properties – Cost to rehabilitate an existing home exceeds 50% of its current, post-disaster value.

Tenant – a person or persons renting and inhabiting a room or a dwelling unit from a landlord.

Tier I Environmental Review - A broad evaluation encompassing geographical areas or neighborhoods often with similar environmental characteristics.

Tier II Environmental Review - An evaluation conducted of site-specific conditions to determine if the proposed construction action has a significant

impact on the environment based on Review Topics from 24 C.F.R. part 58.

Uniform Relocation Act (URA): The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms.

Urgent Need National Objective - Represents an urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and the recipient cannot finance the activities on their own because other funding sources are not available.

Waste - A thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Program to the detriment or potential detriment of the Program. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud,” but it could, depending on the circumstances.

Wildland-Urban Interface (WUI) Area: Geographical area identified by the state as a “Fire Hazard Severity Zone” or designated to be at a significant risk from wildfires where structures and other human development meets or intermingles with wildland or vegetative fuels.

Wildland-Urban Interface Area Building Codes - Building codes applicable in WUI areas that are specifically designed to mitigate the risks from wildfire to life and property. The standards within a WUI area building code varies according to the scope that a community is willing to adopt and enforce. WUI area building code may include the following topics:

Water supply: approved water sources and adequate water supply.

Fire protection: automatic sprinkler system, spark arresters, and propane tank storage.

Work in Place (WIP) - refers to repair activities already completed at the time of the initial inspection.

Work Order – Refers to the assignment of a file to Construction Management to begin Preconstruction Activities.