



City of Hawthorne

Housing Rehabilitation Program Program Guidelines

July 2025



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A. Purpose of Program

The primary objective of the Housing Rehabilitation Program (HRP or Program) is to provide Applicants with financial assistance necessary to rehabilitate and preserve affordable housing owned and occupied by low- and moderate-income households in the City of Hawthorne (City). These objectives will be met through the correction of building code violations and completion of general property improvements.

B. Program Funding Source

The primary funding sources for the Program will be HOME Investment Partnerships (HOME) funds provided to the City from the U.S. Department of Housing and Urban Development (HUD). The City may, at its discretion, also utilize Community Development Block Grant (CDBG) funds or other funding sources that are available to assist residents in rehabilitating their dwellings.

C. HOME Funds for Improvements

In accordance with the HOME regulation [24 CFR 92.205\(a\)](#), funds shall be utilized to bring owner-occupied properties up to the City's Rehabilitation Property Standards (Exhibit A) and for eligible soft costs such as City Staff and consultant project delivery costs, appraisals, credit reports, permit fees, inspection services, and application processing.

D. Equal Opportunity

Applicants will not be discriminated against on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, or any other arbitrary basis. In addition, applicants may not discriminate in the use, occupancy, and awarding of contracts with respect to the property to be rehabilitated with the assistance of an HRP grant or matching grant.

E. Relocation

Relocation is not contemplated as a part of this rehabilitation activity, however if an unanticipated event occurs which requires temporary relocation, such relocation shall be performed in compliance with the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 and Section 104(d) and may be paid for using program funds.

F. Applicability of Federal, State, and Local Regulations/Authority to Administer

While all rehabilitation grants and matching grants are subject to the requirements of these Guidelines, there may be additional special provisions and limitations depending on changing requirements of the funding source(s). Consequently, additional requirements not shown in these Guidelines may apply and, thus, the City Manager (Manager) or their designee may amend these Guidelines from time to time to reflect changes in the requirements of the funding source(s) for this Program.

The City Manager (or designee) shall have the authority to modify non-grant source related eligibility requirements and grant limits at their discretion to address critical home improvement needs.

A. Housing Rehabilitation Program Assistance

Program Grants are available to assist eligible households meeting the 80% of Area Median Income (AMI) adjusted for household size as promulgated by HUD. The City will provide a grant and matching grant for the rehabilitation of owner-occupied dwelling units, including single-family homes, condominiums, townhomes, mobile homes (as defined in [California Health and Safety Code § 18008¹](#)), manufactured homes (as defined in [California Health and Safety Code § 18007²](#)), and properties with two units on a lot, provided that the owner-occupied unit is the one being rehabilitated.

Note: The City Manager (or designee) may increase the HRP assistance level on a case-by-case basis when necessary to address critical housing needs. An example of a critical housing need is when additional funding is necessary to address all of the repairs necessary to bring an entire dwelling unit up to the City's Rehabilitation Property Standards, as required by the HOME program regulations.

B. Grants

To fulfill the HRP's purpose, the City will be providing grants to eligible Program participants. The City will provide a maximum grant of \$50,000 per owner-occupied dwelling unit, excluding mobile homes, to eligible households under the HRP. For mobile homes, the City will provide a maximum \$25,000 grant per owner-occupied mobile home. Additionally, senior citizens, veterans and households earning less than 50% of the Area Median Income (AMI) adjusted for household size as promulgated by HUD (considered by HUD to be very low-income households) are eligible for an additional grant of \$5,000 for a total of \$55,000 in grant funds. To be eligible for a senior citizen grant, the applicant must meet HUD's definition of a senior which is currently 62.

Additionally, applicants requiring rehabilitation work that exceeds the maximum grant amounts listed above may qualify for a one-for-one matching grant. For every dollar (\$) contributed by the applicant, the City will provide an additional dollar (\$) in grant funding. The City's maximum grant will not exceed \$75,000.

¹ "Mobilehome" – Health and Safety Code § 18008 - means a structure that was constructed prior to June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected onsite, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation system when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Mobilehome" includes any structure that meets all the requirements of this paragraph and complies with the state standards for mobilehomes in effect at the time of construction.

² "Manufactured home" - Health and Safety Code § 18007 - means a structure that was constructed on or after June 15, 1976, is transportable in one or more sections, is eight body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected on site, is 320 or more square feet, is built on a permanent chassis and designed to be used as a single-family dwelling with or without a foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. "Manufactured home" includes any structure that meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification and complies with the standards established under the National Manufactured Housing Construction and Safety Act of 1974.

All HOME and CDBG grant funding is limited and subject to the availability of the program funds on an annual basis as provided by the HUD and as budgeted by the City of Hawthorne City Council as part of the adopted Annual Action Plan.

C. Re-Application Policy

Households that have previously received financial assistance through the City's Housing Rehabilitation Program may be eligible to reapply, subject to the following conditions:

- A minimum of five (5) years must have elapsed since the date of the prior assistance.
- Priority will be given to first-time applicants. Previous recipients may only be considered for additional assistance once all eligible first-time applicants have been processed and served.
- Exceptions to the five-year waiting period may be granted in cases involving urgent health and safety issues or other extenuating circumstances, at the discretion of the City Manager, or their designee.
- Re-application will be considered only if the property requires additional repairs that are eligible under the current program guidelines and were not addressed through previous assistance.

The City reserves the right to establish a lifetime cap on the total amount of assistance provided to a single household or property to promote equitable distribution of limited program funds.

Income-qualified Applicants shall be eligible for assistance on a first-come, first-served basis subsequent to the submittal of a complete application, inclusive of all required documentation. Applicants will be encouraged to submit their application utilizing the Housing Rehabilitation Program Application web based portal found at (<https://portal.neighborlysoftware.com/MDG-HAWTHORNECA/participant>). Eligibility for participation in the program shall be determined based on the criteria below.

A. Ownership

The Applicant must be listed on the Grant Deed and ownership information shall be confirmed by a review of recorded ownership information or a title search or pursuant to 24 CFR 92.254(c). The City may also verify ownership by obtaining a Policy of Insurance of Record Title (PIRT), American Land Title Association (ALTA), or other similar title search to confirm ownership.

Homeownership shall be restricted to fee simple title in a property with one to two dwelling units, a condominium unit, or as the Registered Owner of a mobile home unit. For projects funded by HOME, §92.254(c) outlines additional forms of homeownership specifically for residential rehabilitation projects as follows:

- Inherited property. Inherited property with multiple owners: Housing for which title has been passed to several individuals by inheritance, but not all heirs reside in the housing, sharing ownership with other nonresident heirs. (The occupant of the housing has a divided ownership interest.) The City may assist the owner-occupant if the occupant is low-income, occupies the housing as their principal residence, and pays all the costs associated with ownership and maintenance of the housing (e.g., mortgage, taxes, insurance, utilities).
- Life estate. The person who has the life estate has the right to live in the housing for the remainder of their life and does not pay rent. The City may assist the person holding the life estate if the person is low-income and occupies the housing as their principal residence.
- Inter vivos trust, also known as a living trust. A living trust is created during the lifetime of a person. A living trust is created when the owner of property conveys their property to a trust for their own benefit or for that of a third party (the beneficiaries). The trust holds legal title and the beneficiary holds equitable title. The person may name themselves as the beneficiary. The trustee is under a fiduciary responsibility to hold and manage the trust assets for the beneficiary. The City may assist if all beneficiaries of the trust qualify as a low-income family and occupy the property as their principal residence (except that contingent beneficiaries, who receive no benefit from the trust nor have any control over the trust assets until the beneficiary is deceased, need not be low-income). The trust must be valid and enforceable and ensure that each beneficiary has the legal right to occupy the property for the remainder of their life.

- Beneficiary deed. A beneficiary deed conveys an interest in real property, including any debt secured by a lien on real property, to a grantee beneficiary designated by the owner and that expressly states that the deed is effective on the death of the owner. Upon the death of the owner, the grantee beneficiary receives ownership in the property, subject to all conveyances, assignments, contracts, mortgages, deeds of trust, liens, security pledges, and other encumbrances made by the owner or to which the owner was subject during the owner's lifetime. The City may assist if the owner qualifies as low-income and the owner occupies the property as their principal residence.

B. Property Title Condition

The property title shall be free of mechanics' liens, tax liens, and other liens as determined by the City that may be detrimental to the investment of the City's grant funds.

C. Principal Residence

The dwelling must be the Applicant's principal place of residence at the point of application and rehabilitation. The existing grant deed or deed of trust must list all current owners of the property. Property owners shall be construed to be any person(s) or legal entity that holds title to the property or mobile/manufactured housing unit being rehabilitated. If there are multiple owners, the signature of each title holder is required on all appropriate documents. The City will verify property ownership and require all persons currently on title to give written consent to all work proposed to be done on the dwelling, prior to contracting or initiating such work.

D. Location

The dwelling unit must be located within the City limits.

E. Eligible Types of Properties/Structures (Dwelling Units)

HRP assistance is available for single-family homes, properties with up to two dwelling units (where the owner lives in one unit and qualifies as a low- or moderate-income household), condominiums, townhomes, mobile homes, and manufactured housing. For two-unit properties, only the applicant's household qualifies for rehabilitation.

F. Homeowner's Insurance

The Applicant must maintain homeowner's insurance at the time of application. An exemption may be provided if the applicant provides proof that there is no mortgage on the property.

G. HOME Maximum Per-Unit Subsidy Limits and Underwriting

For HRP grants using HOME Funds, the amount of HOME funds committed to the HRP grant may not exceed the HOME Maximum Per-Unit Subsidy Limit pursuant to [24 CFR 92.250\(a\)](#). These limits are updated periodically by HUD and are incorporated into Exhibit C of these Guidelines. The most current HUD-published limits will be used to determine project eligibility and compliance. As of February 13, 2024, the applicable HUD subsidy limits are:

| Table 1 2024 HOME Maximum Per-Unit Subsidy Limits | |
|------------------------------------------------------|---------------|
| # Bedrooms | Subsidy Limit |
| 0 Bedroom | \$181,488 |
| 1 Bedroom | \$208,049 |
| 2 Bedrooms | \$252,994 |
| 3 Bedrooms | \$327,293 |
| 4 & 5 Bedrooms | \$359,263 |

Based on U.S. HUD CPD Notice 15-003.

Based on the \$75,000 HRP maximum grant (inclusive of matching grant) included in these Guidelines, the City complies with 24 CFR 92.250(a) at the program level and analysis on a project-by-project basis is not required unless the City Manager approves a higher grant limit pursuant to their authority in Section F of these Guidelines.

Pursuant to 24 CFR 92.250(b)(3), a market analysis or developer capacity assessment is not required. HOME underwriting analysis is not required because HRP grants are not structured as amortizing loans.

H. Household Income

To determine household income for all Applicants, the City will use the Annual Income definition established by HUD at 24 CFR Part 5.609. All persons on the title to the principal residence and all persons living in the principal residence are considered household members for income determination purposes unless it can be proven through evidence satisfactory to the City that a person on the title is not living in the principal residence. Pursuant to 24 CFR 92.203(c)(1), the value of the Applicant's principal residence shall be excluded from the calculation of net family assets, as defined in 24 CFR 5.603. The City will project a household's income based on current income at the time of determination, using a 12 month forward-looking estimate. If more than six (6) months elapse between the date of income determination and the execution of agreements, the City will re-examine the household's income to confirm continued eligibility, as required under 24 CFR 92.203(e)(2). The gross annual income for all household members cannot exceed 80 percent of area median income adjusted for household size as published annually by HUD.

Pursuant to 24 CFR 92.203(b)(1)(i), the City must determine annual income by examining at least two (2) months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for all household members.

| # Household Members | <50% AMI | 51%-80% AMI |
|---------------------|-----------|-------------|
| 1 | \$53,000 | \$84,850 |
| 2 | \$60,600 | \$96,950 |
| 3 | \$68,150 | \$109,050 |
| 4 | \$75,750 | \$121,150 |
| 5 | \$81,800 | \$130,850 |
| 6 | \$87,850 | \$140,550 |
| 7 | \$93,900 | \$150,250 |
| 8 | \$100,000 | \$159,950 |

*Based on 2025 Income Limits as published by HUD. Updated limits will be incorporated into Exhibit E.

I. Creditworthiness for Grant

Applicants must be creditworthy in order to qualify for the grant. An Applicant will not be considered creditworthy if any of the following apply:

- The Applicant is not current on all property taxes. A deferment of property taxes or property tax payment plan is acceptable as long as all required installment payments are current.
- The Applicant is not current on all mortgage payments. A deferment of the mortgage payment plan is acceptable as long as all required installment payments are current.
- The property has a reverse mortgage.
- The property to be rehabilitated has judgments (i.e., creditor liens, etc.) mechanics liens, and other liens that would jeopardize the security of the City's grant.

J. Improvements

In order to qualify and to be eligible, no work shall commence prior to:

- Application approval;
- Full execution of HRP Participation Agreement;
- Full execution of a Construction Agreement;
- Issuance of a Notice to Proceed by the City.

K. Conflict of Interest

No member of the governing body of the City and any other official, employee, or agent of the City Government who exercises policy, decision-making functions or responsibilities in connection with planning and implementation of the program shall be directly or indirectly eligible for HRP assistance.

This restriction shall continue for one (1) year after an individual's relation with the City ends.

L. Fraudulent Application

If an Applicant knowingly makes a misstatement or omission in any statement, document or application in connection with the Applicant's application for HRP assistance, as determined at the sole discretion of the City, the Applicant shall be prohibited from applying for HRP assistance for a period of three (3) years from the date the City notifies the Applicant of its discovery of such misstatement or omission. In addition to the disqualification from the HRP, the Applicant may be subject to both civil and criminal prosecution and a demand for immediate repayment of any funds disbursed to the Applicant under the HRP.

M. Appeals

If City Staff rejects an HRP Application due to non-eligibility, an Applicant may appeal the decision in writing to the City Manager (or designee) within ten (10) business days following receipt of the City's written notification. The City Manager (or designee) shall respond in writing within ten (10) business days following receipt of a written appeal with their final determination. The decision of the City Manager (or designee) shall be final.

A. Lead-Based Paint Evaluation and Requirements for Pre-1978 Units

As part of the program application, owners are provided with information about the dangers of lead-based paint. Evidence of receipt of this information is maintained in the project file. The lead-based paint requirements can have a significant impact on the final scope of work. If the housing unit in question was built prior to January 1, 1978, the lead-based paint requirements apply. Based on the amount of the rehabilitation hard costs, different levels of action are required on the part of the City, as shown in the following table:

| | <\$5,000 | \$5,000-\$25,000 | >\$25,000 |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Approach to Lead Hazard Evaluation and Reduction | Do no harm | Identify and control lead hazards | Identify and abate lead hazards |
| Notification | Yes | Yes | Yes |
| Lead Hazard Evaluation | Paint testing of surfaces to be disturbed by rehabilitation | Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment | Paint testing of surfaces to be disturbed by rehabilitation AND Risk assessment |
| Lead Hazard Reduction | Repair surfaces disturbed during rehabilitation, use lead-safe work practices, clearance test of work site upon completion. | Interim controls, lead-safe work practices, clearance test of unit upon completion | Complete abatement, lead-safe work practices, clearance test of unit upon completion |

Any required lead-based paint inspections (initial and clearance) will be performed by a qualified lead-based paint testing firm. The cost of initial testing and clearance will be paid by the City. In the event that an initial clearance test fails, it will be the contractor's responsibility to pay for supplemental clearance tests. The contractor engaged to encapsulate and/or stabilize lead-based paint will not be paid until evidence of a lead-based paint clearance is presented to the City. Lead-based paint inspection reports and risk assessments (as applicable) will be provided to the owner and made available to contractors as an appendix to the Work Description.

B. Radon

Pursuant to 24 CFR Part 58 addressing National Environmental Policy Act reviews, all properties shall be tested for the presence of Radon Gas at the City's expense. The EPA recommends taking action to reduce Radon Gas levels if they are measured at 4 pCi/L or higher. In the event that Radon Gas levels exceed the threshold, a copy of the Radon Gas testing report will be attached to the Work Description so that appropriate mitigation measures are carried out as part of the rehabilitation project.

C. Asbestos

Certain aspects of rehabilitation work on dwelling units such as demolition or removal of materials may necessitate testing for, and potential abatement of, certain Asbestos Containing Materials (ACM). The cost of initial testing and clearance will be paid by the City. In the event that an initial clearance test fails, it will be the contractor's responsibility to pay for supplemental clearance tests.

A. Initial Inspection

An initial inspection shall be conducted by City Staff or a qualified consultant to determine the current conditions of the property. Any conditions that do not meet the City's Rehabilitation Property Standards (Exhibit A) and incipient deficiencies shall be noted and photographed.

B. Work Write-Up

A work write-up shall be prepared by City Staff or a qualified consultant to include rehabilitation work items necessary to address all conditions that do not meet the City's Rehabilitation Property Standards. Pursuant to [24 CFR 92.251\(b\)\(1\)](#), for projects assisted with HOME funds, the property must meet these standards upon project completion. The work write-up shall be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the City's Rehabilitation Property Standards, in accordance with [24 CFR 92.251\(b\)\(2\)](#).

C. Cost Estimate

Based on the work write-up, the City's rehabilitation consultant shall prepare a written cost estimate in compliance with [24 CFR 92.251\(b\)\(2\)](#) to assist in determining the reasonableness of bids received from contractors. The cost estimate shall be reviewed and approved by City Staff prior to bidding.

D. Bidding, Contractor Eligibility, and Contract Award

Applicants may NOT perform repairs themselves. All work must be performed by contractors meeting the requirements of the section below and subject to a written construction agreement between the Applicant and the contractor (Construction Agreement). The Construction Agreement shall set forth a work schedule and budget approved by the Applicant and the City.

1. Bidding

The work write-up shall be used by the Applicant to solicit not less than three (3) bids from eligible contractors. Of the bids submitted by the Applicant to the City, the Applicant shall award the contract to the qualified contractor whose bid is the lowest in price, provided that the costs are reasonable in comparison to the cost estimate generated prior to bidding. Acceptability of line item bids shall be determined based on a deviation that is not greater than or less than 20% of the line item estimate. The contractor entering the Construction Agreement shall attend a pre-construction meeting with the City prior to the commencement of the work. The City provides technical assistance and support to the Applicant during the bidding process.

2. Contractor Eligibility

The City will accept letters of interest from qualified contractors and will make those contractors known to homeowners upon request. Applicants may select their own contractors as long as they satisfy the requirements set forth below. Eligible contractors will submit the following documentation to the City:

- A photocopy of their current license from the State of California Contractors State License Board indicating the classification ("B" for general and "C" for specialized work). Prior to the execution of each construction contract, City Staff shall confirm the validity of the contractor's license by accessing the California State Licensing Board website at <http://www.cslb.ca.gov/>. Contractors with invalid licenses or pending complaints will not be permitted to participate in the Program.
- Certificate of insurance for general liability and automobile insurance in an amount not less than two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) general aggregate, naming the City as an additional insured, and a copy of the additional insured endorsement.
- Evidence of current workers' compensation coverage.
- Copy of their current City Business License.

Quarterly reviews of the interested contractor list shall be conducted by the Program Consultant to determine that the listed contractors are licensed, perform quality work, maintain adequate insurance coverage and are not suspended or debarred from participation on federally assisted projects.

3. Contract Award

Prior to the execution of each Construction Agreement, City Staff shall verify that the contractor's company name and all listed personnel are not included in HUD's most recent list of contractors debarred from participating in federally funded projects by accessing the System for Award Management website at www.sam.gov.

Contractors that do not meet the requirements above shall be removed from the interested contractor list. Contractors who fail to perform quality work or follow program requirements shall be removed from the list and shall be ineligible to participate in future HRP projects.

E. Notice To Proceed

A Notice to Proceed shall be issued three (3) days (five (5) if applicant is a senior) subsequent to the execution of the Participation Agreement and the Construction Agreement. HOME regulations require projects to be completed within four (4) years of the date of execution of the Construction Agreement. However, most rehabilitation projects should be completed within six (6) months.

F. Progress Inspections

Pursuant to [24 CFR 92.251\(b\)\(3\)](#), progress inspections shall be conducted by City Staff or qualified

consultants during the rehabilitation process prior to approval of any 95% progress payments to ensure that work is completed in compliance with the Rehabilitation Property Standards and the Construction Agreement. The work write-up incorporated into the Contractor Agreement shall be used to guide the inspection of the work.

Payment shall be made in the amount of 95% of the value of work items satisfactorily completed. Satisfactory completion of the work shall include the submittal of signed-off permits (as required for certain work items) and the submittal of written warranties for material and workmanship, including manufacturer's warranties for products installed. A 5% retention shall be withheld until 35 calendar days subsequent to the recordation of a Notice of Completion with the County Registrar's office.

G. Change Orders

Change orders shall be considered and approved by the Program Consultant and City Staff on an as-needed basis for documented unforeseen circumstances or to meet program objectives in the sole and absolute discretion of the City. A cost analysis shall be performed of any change order that would add additional scope and cost to the contract. This analysis shall be performed to establish cost reasonableness. The contractor shall furnish information on the cost of materials, overhead and profit so that the City may determine the reasonableness of the proposed change order.

H. Final Inspection

Subsequent to receipt of the contractor's final invoice, City Staff or qualified consultants shall visit the property to review the completed rehabilitation work with the Applicant to ensure that all contracted work has been completed in compliance with the Rehabilitation Property Standards and the Construction Agreement to the satisfaction of the City and the Applicant. Final photographs of the completed work shall be obtained and filed with the photographs from the initial inspection to show the conditions of the property before/after. The inspection shall result in a written certification by City Staff or qualified consultants that the property meets the City's Rehabilitation Property Standards and that all work was performed in accordance with the work write-up.

I. HUD IDIS Responsibilities

Upon completion of the rehabilitation work and review of the project financial statement showing the total eligible project expenses paid, the Program Consultant shall enter the activity into IDIS, including setup details, completion data, and activity funding. The Program Consultant performs a review of the rehabilitation file to harvest the data necessary for IDIS. Subsequently, funds are drawn from HUD and the activity is marked complete.

1. IDIS Roles at the City of Hawthorne:

Program Consultant: Activity Setup and Funding, Activity Accomplishments, Voucher Entry
Housing Director: IDIS Voucher Approval, Local IDIS Administrator

J. Conflict Resolution

City Staff and Program Consultants shall be available to Applicants and contractors to clarify understanding of the terms and conditions of the Construction Agreement. In the event that a mutually agreeable solution to a particular dispute cannot be reached, the parties to the Construction Agreement shall follow the conditions outlined in the Construction Agreement concerning dispute resolution and termination.

K. Program Changes

At the discretion of the City Manager or their designee, the Program may be modified to ensure timely expenditures of program funds and to otherwise meet the intent of assisting households with incomes less than 80% of area median income adjusted for household size.

Files will be maintained to document the significant history of HRP activities for all projects. The City must maintain these files for a period not less than five (5) years following the recordation of the Notice of Completion.

Project files shall include, at a minimum:

- The application and all supporting documentation related to income and owner-occupancy, and property information reports.
- Official correspondence and the Rehabilitation Environmental Review.
- Inspection reports, lead-based paint reports, before and after photographs, work descriptions, internal estimate, bid evaluation, contractor clearances, contractor insurance, contractor business license, contractor W-9, recorded Notice of Completion.
- HRP Participation Agreement, construction contract agreement, all grant disbursement information including invoices, payment releases, lien releases, warranties, and copies of payment checks.

The City will keep copies of all solicitations for bids, contracts, women- and minority-owned business lists, solicitation lists, documentation of affirmative actions taken, and copies of any forms submitted by the contractor pursuant to the reporting requirements for a period of five (5) years.

Original documents are to be maintained in a secure and fire-resistant location. The City maintains and grants access to its borrower information only in accordance with its internal security standards which restricts access to program personnel, or in response to a required official audit.

A. Specific HOME Program Recordkeeping Requirements:

The HOME Program regulations at **24 CFR 92.508(a)(3)** specify that the following records must be maintained within each project file, except as otherwise noted:

- A full description of each project assisted with HOME funds, including the location (address of each unit), form of HOME assistance, and the households assisted with HOME funds.
- The source and application of funds for each project, including supporting documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.; and records to document the eligibility and permissibility of the project costs, including the documentation of the actual rehabilitation costs of each HOME-assisted unit. The City shall maintain information on cancelled checks, payrolls and time and attendance records.
- Records demonstrating that each project meets the minimum per-unit subsidy amount of \$1,000, the maximum per-unit subsidy amount as published each year by HUD (Exhibit C).
- Records (e.g., inspection reports) demonstrating that each project meets the property standards of **§92.251** at project completion (Exhibit A).
- Records demonstrating that each family is income eligible in accordance with **§92.203** (Exhibit E).
- Records demonstrating that the estimated value after rehabilitation for each homeownership housing project does not exceed 95 percent of the median purchase price for the area in accordance with **§92.254(a)(2)** (Exhibit D). The records must demonstrate how the estimated

value was determined.

- Records (written agreements) demonstrating compliance with the written agreements requirements in §92.504.

A. Program Database

City Staff and consultant will operate the HRP using Neighborly Software supplied via the consultant's professional services agreement with the City. This software includes a project database containing the case number, name, address, telephone number, racial/ethnic data, census tract, block group, household size, household income, income level (i.e. very low, low, moderate), housing cost burden percentage, year built, application date, inspection date, Work Description approval date, expected post-rehabilitation value, grant funds awarded, project soft costs (i.e. title, credit, asbestos/lead-based paint testing), construction contract amount, contractor payment information, contract award date, notice to proceed date, final inspection date, recordation of Notice of Completion date, and project phase (i.e. pre-construction, construction, complete). Additional functionality provided includes the online program application, inspection and work write-up development, photographs, contractor portal, and internal program workflow approvals.

The following Rehabilitation Property Standards set forth the requirements that the housing must meet upon project completion, including methods and materials to be used. These standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes.

A. Health And Safety

Any potentially life-threatening emergencies due to conditions affecting the foundation, structure, plumbing, electrical, weatherization, mechanical, or other major systems of the dwelling unit must be addressed immediately if the housing is occupied.

B. Major Systems

Major systems include: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. Upon project completion, each of the major systems shall have a remaining useful life for a minimum of five (5) years.

C. Lead-Based Paint

The rehabilitation work must result in compliance with the lead-based paint requirements at 24 CFR part 35, as applicable based on the dollar value of the rehabilitation hard costs. A lead based paint inspection report and risk assessment shall be required of any home built before 1978.

D. Accessibility

Pursuant to 24 CFR Part 8, no otherwise qualified individual with handicaps in the United States shall, solely by reason of his or her handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development. Pursuant to 28 CFR part 35 - Nondiscrimination on the Basis of Disability in State and Local Government Services, the City shall not discriminate on the basis of disability in the administration of the Residential Rehabilitation Program.

Properties occupied by a disabled household member(s) qualifies for services aimed at removing architectural barriers under this Program. In cases where it is not structurally or financially feasible to bring units into full compliance with Title 24 and Section 504, limited repairs or improvements increasing overall accessibility may be undertaken provided such repairs are conducted under a plan check, permit, and inspection process by the City's Community Development Department.

Examples of eligible improvements that will alleviate architectural barriers include, but are not limited to:

- Grab bars
- Transitional floor coverings
- Bathtubs or showers
- Replacement of doorknobs with lever action handles
- Plumbing alterations or modifications
- Ramps
- Sliding doors
- Kitchen cabinet modifications
- Widening doorways and hallways
- Electrical switches and convenience outlet relocation
- Toilet alteration or modifications

E. Disaster Mitigation

The housing must be improved to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements.

F. State and Local Codes, Ordinances, and Zoning Requirements

The housing must meet all applicable State and local codes, ordinances, and requirements. At a minimum, at the completion of each project, all known health and safety issues and all code violations shall be corrected. Every grant made under the HRP shall be used to finance rehabilitation standards that address all health and safety issues and code violations, and no grant can be approved which would permit a dwelling unit after rehabilitation to be out of compliance with applicable codes.

Pursuant to Section 15.04.020 of the Hawthorne Municipal Code, subject to the particular additions, amendments and deletions set forth in Section 15.04.020, the City of Hawthorne has adopted all the rules, regulations, provisions and conditions set forth in that certain document being marked and designated as 2022 California Building Code, Volumes 1 and 2, California Code of Regulations Title 24, Part 2, including Appendices H and I, and including any supplements, errata, and revisions made thereto, as the Building Code of the City of Hawthorne.

Amendments:

- (1) Amendments as noted in Chapter 15.05.020 of the Hawthorne Municipal Code.
- (2) General Structural Design Provisions as noted in Chapter 15.05.020 of the Hawthorne Municipal Code.

A certified copy of the 2022 California Building Code is kept on file in the office of the Building Official of the City of Hawthorne,

G. Asbestos Removal

Removal of materials containing asbestos, if necessary, will be included as part of the property rehabilitation.

H. Radon Gas Remediation

Installation of a RADON reduction system in accordance with a test report recommendations and EPA guidelines will be included as part of the property rehabilitation. The EPA recommends taking action to reduce RADON levels if they are measured at 4 pCi/L or higher.

Eligible Improvements

In addition to the above-noted improvements, program funds are available for rehabilitation improvements that are physically attached and permanent in nature as follows:

1. Repairs that remedy existing nonconforming uses such as garage conversions, additions, etc.
2. Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re-leveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures (i.e., Mobile Home porches made of plywood).
3. Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., re-pipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are damaged).
4. Weatherization and energy conservation items such as insulation, caulking, weather-stripping.
5. Fumigation and treatment of termites and pest control.
6. Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms.
7. Testing for the presence of lead-based paint, asbestos containing materials, radon gas, and associated control/abatement, as required.

Ineligible Improvements

1. Installation and/or repair of recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts.
2. New construction of luxury items such as burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops. Any freestanding appliances such as microwave ovens, refrigerators, dishwashers, and fans.
3. New construction of room additions or extensions.
4. Other items deemed ineligible by the City Manager or their designee.

Priority Improvements

Improvements will be approved and made to the property in the following order of importance:

1. All building code violations.
2. All violations related to health and safety standards.
3. Repair or replacement of major systems including but not limited to roof, electrical, plumbing, and air conditioning/heating systems.
4. Energy efficient items such as new dual glazed windows, insulation, energy efficient light fixtures.
5. Exterior and interior incipient deficiencies. An incipient deficiency exists if, at the time of inspection, it appears that the physical condition of an element in the structure may fail or deteriorate into an actual deficiency in the near future (within 5 years).
6. General property improvements.

Standards for Rehabilitation of Historic Properties

On historic structures included in the HRP, special requirements must be met under the National Environment Policy Act and the National Historic Preservation Act of 1966, as amended. HRP projects will be submitted for review to the State of California, Office of Historic Preservation, when a unit is more than 50 years old. In accordance with State Historic Preservation Office ("SHPO") guidance to the City, all mobile homes and any building less than 50 years in age will not be submitted for review. Under direction from SHPO, historic properties shall be rehabilitated in accordance with the most appropriate standards based on the age and architecture of the structure. The basic principle is to preserve the character of the exterior spaces and surfaces. This generally entails the submission of the Work Description to SHPO for review and comment.

All items listed in Exhibit B are required to determine the Applicant's eligibility. Therefore, failure to provide said documents will render the Applicant non-eligible. All documents (except for HRP Application) must be copies of the original documents and will NOT be returned.

Application Materials

1. HRP Application – Signed General Qualifications and Conditions for Eligibility
2. HRP Application – Application including household makeup, income, and assets; and property information
3. HRP Application – Signed Application Form

Income Documents

Applicant is required to submit all applicable items shown below to determine income eligibility for all adult household members:

1. Federal Income Tax Return: Copy of the most recent filed Federal Income Tax Return (signed) with all schedules, attachments, W-2s, 1099s, etc. For self-employed applicants, submit the last two (2) most recent filed and signed Federal Income Tax Returns with all schedules, attachments, W-2s, 1099s, etc.
OR
If applicant did not file taxes, completion of IRS Form 4506-C authorizing the City to request confirmation that taxes were not files.
2. Employment – Three (3) most recent consecutive months of paycheck stubs.
3. Social Security – Current year award letter showing the gross monthly Social Security payment amount.
4. Retirement/Pension – Current year's award letter with copies of checks/stubs for three (3) most recent consecutive months.
5. Disability/Unemployment – Current year's award letter; with copies of checks/stubs for the three (3) most recent consecutive months.
6. AFDC/Welfare/CALWORKS – Current year's award letter; with copies of checks/stubs for the three (3) most recent consecutive months.
7. Asset Income – Three (3) months consecutive statements for all asset accounts (checking, savings, CDs, Annuities, trusts, stocks, bonds, life insurance policies, etc.
8. Rental Receipts – Copies of payments received from tenants.
9. Deposits – Copies of ALL check and cash deposits as shown within the three (3) most recent bank statements.

Ownership and Identification Documents

1. Ownership – Grant Deed.
2. Insurance – Current Homeowners Insurance Policy.
3. Property Taxes - Tax bill and proof of payment.
4. Residency – Copy of a recent telephone, internet or cable bill.
5. Mortgage – Recent payment statements with current Loan balance.
6. Identification – Current Driver License or California ID card for all persons over the age of 18.

| 2024 HOME Maximum Per-Unit Subsidy Limits | |
|-------------------------------------------|---------------|
| # Bedrooms | Subsidy Limit |
| 0 Bedroom | \$181,488 |
| 1 Bedroom | \$208,049 |
| 2 Bedrooms | \$252,994 |
| 3 Bedrooms | \$327,293 |
| 4 & 5 Bedrooms | \$359,263 |

| HOME After Rehabilitation Property Value Limits | | |
|-------------------------------------------------|--------------|---------------------|
| Housing Type | Median Price | 95% of Median Price |
| Single Family | \$930,000 | \$883,500 |

| 2025 Maximum Gross Annual Income | | | |
|----------------------------------|----------|--------------|-------------|
| # Household Members | ≤30% AMI | 31 - 50% AMI | 51%-80% AMI |
| 1 | \$31,850 | \$53,000 | \$84,850 |
| 2 | \$36,400 | \$60,600 | \$96,950 |
| 3 | \$40,950 | \$68,150 | \$109,050 |
| 4 | \$45,450 | \$75,750 | \$121,150 |
| 5 | \$49,100 | \$81,800 | \$130,850 |
| 6 | \$52,750 | \$87,850 | \$140,550 |
| 7 | \$56,400 | \$93,900 | \$150,250 |
| 8 | \$60,000 | \$100,000 | \$159,950 |