State of California
Department of Housing and Community Development

2023 Manufactured Home Replacement and Elevation (MHRE) Program Policies and Procedures Manual

Overview

1. Purpose: Provides guidance and oversight to Subrecipients and participants on the California Department of Housing and Community Development's (HCD or Department) Manufactured Home Replacement and Elevation Program.

2. Applies to 2023 MHRE Program

3. Cancels: V5

4. Originator: Federal Recovery Single-Family Housing Branch, Division of Federal Financial Assistance

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 Version History table below.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version. For example, the change to a rolling application process is a substantial change to the procedures provided in Version 1.0. Future policy changes will result in additional revisions and the issuance of a new primary number version.

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, are included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in version numbers such as 1.1, 2. 1 etc.

Version History

Version Number	Date Revised	Description of Revisions
v1.0	June 19, 2025	**Initial Draft**: Policies and Procedures are subject to change at the sole discretion of HCD and the Subrecipients
v2.0	March 16, 2026	**Initial Draft**: Incorporated revisions into Section 10.3 and Section 13. Incorporated a revision to the grant cap from $350,000 to $500,000. Incorporated Section 10.7, Conflict Acknowledgement and Disclosure. Updated language that the MHU does not need to be in an SFHA. Updated US Citizenship or Qualified Alien status requirements. Incorporated revisions addressing allowances outside of the 100-year floodplain.

v3.0	May 8, 2026	Clarified ownership requirements, and occupancy requirements at time of disaster as applicable throughout document in sections 3.10, and 14. Updated income document requirements to clarify Income Certification may be completed as part of intake application, and not necessarily as a separate form, in sections 3.14, 4.2, and 14. Clarified form 4506-C is required in section 14.
V4.0	June 2, 2026	Clarified that relocation assistance is available to unit owner-occupants at discretion of subrecipient. Revised Duplication of Benefits (DOB) language and examples to clarify repair awards are not considered duplicative with this program purpose. Replaced usage of “subrogation agreement” with “assignment agreement” to better reflect other program documents. Corrected inconsistent usage of “beneficiary” in place of “applicant” throughout document. Clarified in section 6.4 that the program cannot physically expand any rented pads. Corrected a definition from Section 15. Corrected mention of form 4506T to 4506C throughout document. Corrected section numbering errors in document.
V5.0	September 1, 2026	Sections 2.5 and 2.6: Updated US Citizenship and Qualified Alien status requirements Section 3.1: Removed information regarding relocation assistance that no longer applies; see sections 8.4, 13.16, and 13.17. Additionally clarified park owner responsibilities for permitting, and alternative to Right of Entry form in this section.

		Section 3.3: Added HCD-designed inspection checklist as an option to help document disaster-related damage. Section 3.14: Added the process of projecting income. Section 4.2: Clarified only one signature is needed on form 4506C if household spouses filed jointly. Additionally clarified documentation alternative for Right of Entry form in this section. Section 8.3: Clarified that mitigation measures must be approved and not completed prior to Approval to Proceed. Section 9.2: Removed “if applicable” from mention of certificate of occupancy as this will always be required. Section 10.2: Clarified the exceptions process. Section 10.6: Added a process for handling Program Income. Section 10.7: Added a preference for domestic procurements as required by 2 CFR 200.322. Section 10.8: Added reference to HCD’s Grant Administration Manual and anti-fraud, waste, and abuse measures. Section 10.11: Clarified program responsibilities and expectations for assistance under the Uniform Relocation Act. Section 13.14: Updated Section 3 dollar threshold. Section 13.15: Clarified program outreach and marketing requirements to align with Subrecipient Standard Agreements. Section 13.16: Added statement of compliance regarding RARAP. Section 14: Updated to reflect when the Income Addendum form or income projection is required.

		Section 15: Added Program Expenditure and Outcome Projections information as required by the Universal Notice. Section 16: Added a definition for Modified Adjusted Gross Income (MAGI) and Program Income. Throughout: Replaced the term “Adjusted Gross Income (AGI)” with “Modified Adjusted Gross Income (MAGI)”.
V6	October 20, 2026  27/10/2026	Section 2.5: Removed citizenship and qualified alien status requirements. Section 2.6: Removed citizenship and qualified alien status requirements. Section 3.3: Edited first sentence for clarity of outstanding damage requirements. Section 3.8: Clarified comparability metrics between damaged MHUs and replacement units. Section 6.5: Clarified when fencing replacement is allowed. Further clarified dishwashers are not necessarily ineligible items. Additionally finished a sentence regarding general contractor responsibilities that was cut off. Section 10.2: Corrected reference from HCD Branch Manager to Section Manager. Section 14: Clarified alternative documentation allowable in place of park lease agreement. Section 16: Removed definition of SAVE.

Table of Contents

1. PROGRAM OVERVIEW AND PURPOSE 1
2. PROGRAM DESCRIPTION 1
2.1 Program Timeline 2
2.2 Form of Assistance and Award Cap 2
2.3 Assistance Provided 2
2.4 Eligible and Ineligible Activities 3
2.5 Overview of Applicant and Project Eligibility 4
2.6 Proof of Identity 5
3. PROGRAM REQUIREMENTS 5
3.1 Participation Agreements 5
3.2 Qualifying Disaster Tieback 7
3.3 Damage Threshold 7
3.4 National Objective 7
3.5 Duplication of Benefits 8
3.6 Federal Assistance and Flood Insurance Requirements. 8
3.7 MHU Site Relocation 8
3.8 Model Eligibility Policy 9
3.9 Owner-Occupancy Requirements 9
3.10 Ownership Requirements 10
3.11 Joint Ownership 10
3.12 Death of an Eligible Applicant 10
3.13. Unmet Housing Need Since the Disaster 11
3.14 Income Eligibility and Determination 11
4. APPLICATION PROCESSING 12
4.1 Application Deadline and Submission 12
4.2 Application Forms 13
4.3 Administrative and Voluntary Withdraw 13
4.4 Limited English Proficiency (LEP) 14
4.5 Special Needs 14
5. DUPLICATION OF BENEFITS 15
5.1 Summary of DOB 15
5.3 Calculating Total Assistance: Sources of Funding 16
5.4 Availability of Resources Included in Total Assistance: 18
5.5 Calculating Total Assistance: Non-Duplicative Assistance and Exclusions 18
5.6 Repayment of Excess DOB 22
5.7 Assignment – Repayment of Duplicative Assistance 25
6. MHU REPLACEMENT PROCESS 25

6.1 Initial Home Inspection 25
6.2 Estimated Cost of Replacement (ECR) and Elevation 26
6.3 Environmental Review 26
6.4 Model Selection 27
6.5 Scope of Work Development 27
6.6 Building Code Compliance 29
7. AWARD CALCULATION AND DETERMINATION 30
7.1 Award Determination 30
7.2 Re-Verification of DOB 31
7.3 Escrow 31
7.4 Pre-Award Verifications 31
7.5 Zero-Award Letter 31
7.6 Provisions of Funding 32
7.7 Final File Review (Quality Assurance/Quality Control 1 + 2) 32
7.8 Grant Award Acknowledgement and Acceptance Letter 32
8. AWARD CLOSING PROCESS 33
8.1 Deposit of Funds into Escrow Account 33
8.2 MHU Replacement Agreement (Construction Agreement) 33
8.3 Approval to Proceed (ATP) 33
8.4 Relocation during Construction 34
9. CONSTRUCTION MONITORING 34
9.1 Construction Monitoring, Progress, and Final Inspections 34
9.2 Draw Request Process 35
9.3 Change Orders 36
9.4 Manufactured Home Warranty 36
10. GENERAL PROGRAM POLICIES 37
10.1 Program Appeals 37
10.2 HCD Appeals and Exceptions Panel 38
10.3 Section 504 Coordination Complaints and Grievances 38
10.4 Construction Grievances 39
10.5 Grant Recapture Policy (Assignment) 39
10.6 Program Income 40
10.7 Domestic Preference for Procurements 40
10.8 Anti-Fraud, Waste, and Abuse 41
10.9 Conflict of Interest Acknowledgement and Disclosure 42
10.10 Referral to HUD Inspector General 43
10.11 Temporary Relocation of Impacted Tenants 43
11. CONSTRUCTION CLOSEOUT 44
12. PROGRAM (GRANT) CLOSEOUT 45

13. FEDERAL REQUIREMENTS 45
13.1 Flood Insurance 45
13.2 Federal Flood Risk Management Standard 46
13.3 Americans with Disabilities Act 46
13.4 The Civil Rights Act of 1964 Title VI 46
13.5 The Civil Rights Act of 1964 Title VII 47
13.6 The Age Discrimination Act of 1975 47
13.7 The Restoration Act of 1987 47
13.8 The Equal Employment Opportunity Act of 1972 47
13.9 Copeland Act's Anti-Kickback Provision 47
13.10 Contract Work Hours and Safety Standards Act 48
13.11 Equal Employment Opportunity Act 48
13.12 Contracting with Disadvantaged Businesses 48
13.13 Fair Labor Standards Act of 1983, Davis-Bacon and Related Acts, California Prevailing Wage Law 49
13.14 Section 3 of the HUD Act of 1968 50
13.15 Fair Housing and Marketing 53
13.16 Residential Anti-Displacement 54
13.17 Uniform Relocation Act and Real Property Acquisition 54
14. ALLOWABLE DOCUMENTATION 54
15. PROGRAM EXPENTITURE AND OUTCOME PROJECTIONS 57
16.TERMS AND DEFINITIONS 58

1. PROGRAM OVERVIEW AND PURPOSE

From late December 2022 through early April 2023, California endured at least 12 atmospheric river storms, corridors of air that can carry massive amounts of water over thousands of miles, producing cascading impacts including landslides, sinkholes, and downed trees that damaged roads and homes.

On January 14, 2023, President Joseph R. Biden, Jr. declared that federal disaster assistance has been made available to the state of California to supplement state, local and tribal recovery efforts in the areas affected by severe winter storms, flooding, landslides, and mudslides beginning on December 27, 2022, and continuing through January 31, 2023. All told, the declaration covered 14 counties, including Alameda, Amador, Calaveras, Contra Costa, Mendocino, Merced, Monterey, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, and Ventura

HUD has allocated $115,022,000 in CDBG-DR funds to the State of California in response to FEMA DR-4683, through the publication of the Federal Register, Vol. 88, (88 FR 82982) November 27, 2023. As a part of the state's Unmet Needs Analysis, Disaster Case Management providers and local governments identified the greatest owner-occupied post disaster housing needs as those related to manufactured housing units in Mobilehome parks impacted by DR-4683. The damage data demonstrated need across most impacted and distressed (MID) counties including **Merced, San Joaquin, and San Luis Obispo**. HCD has dedicated a total of $35.25 million of those funds to implement the Manufactured Home Replacement and Elevation Program (MHRE).

2. PROGRAM DESCRIPTION

The primary objective of the MHRE Program (herein referred to as "Program") is to assist local jurisdictions with replacing and elevating Mobilehome units lost or damaged due to recent disaster DR-4683, to mitigate future disaster risks and provide decent, safe, and sanitary housing in the areas impacted by the disaster. Additionally, the program is designed to ensure that the housing needs of very low-, low- and moderate-income households at or below 80 percent Area Median Income (AMI) and vulnerable populations, including individuals that were made homeless as a result of the disaster, are addressed to the greatest extent feasible.

This document uses the term Mobilehome to refer to manufactured housing built both before and after 1976, inclusive of Manufactured Housing Units (MHUs). For the purposes of the MHRE Policies and Procedures, Mobilehomes are also referred to as MHUs.

2.1 Program Timeline

The 2023 Program launched January 13, 2026, and will award eligible projects until all funds allocated to the Program are exhausted or June 30, 2028, whichever comes first. This timeline is subject to revision based on recovery needs and funding availability.

2.2 Form of Assistance and Award Cap

The Program provides financial assistance in the form of a grant for the replacement and elevation (if required) of the Applicant's MHU with at least $3,000 in outstanding damages caused by the disaster. This is not a cash grant to the Applicant. Funding for all MHRE projects may come from two sources:

1) Applicant contribution (Escrow funds):
   - Applicant funds to cover amounts that exceed the maximum Grant amount and/or,
   - Duplication of Benefit (DOB) per Section 5 of this Guide, which must be placed in an Escrow account; and/or

2) Program Grant Award funds:
   - NOTE: Escrow funds, if applicable, must be exhausted first before the Program begins disbursing the Grant funds.

The maximum amount of Grant Award available for replacement and elevation of a damaged MHU is capped at $500,000, after all DOB reductions. All Program assistance will be provided in the form of a Grant. Exceptions to the award cap amount may be considered on a case-by-case basis and may take into account the following: the amount of funding needed beyond the award cap, the benefits of the proposed project, and other funding included as leverage. Subrecipients must receive written approval from HCD on all exceptions to the award cap amount. See Section 7 for more information on determining the award amount.

2.3 Assistance Provided

Qualifying MHUs damaged or destroyed by the 2023 floods will be replaced with new, program-standard MHUs. The Program will not fund repairs to existing MHUs – qualifying units must be replaced. The program and its vendors will remove and dispose of the existing damaged MHU (if still present on the lot/pad), procure a replacement MHU, haul it to the Applicant's pad/lot, and install it to applicable federal, state, and local building codes.

The Program has determined it is more cost-effective to replace MHUs rather than rehabilitate or repair them. Demolition, removal, and other site prep including any required elevation or foundation rebuilding is included in the cost of replacing a MHU and will be included in the Applicant's award amount as applicable.

Subrecipients must provide applicants with the opportunity to request accommodations for any household members with a disability, such as MHUs with widened doorways, lever handles, and similar modifications for usability.

Qualifying MHUs in floodplains replaced by the Program will be installed per the Federal Flood Risk Management Standard (FFRMS) or higher if required by locally adopted regulations known as Design Flood Elevation (DFE) (See section 13.2, Federal Flood Risk Management Standard). Subrecipients must work with their local floodplain manager to verify locally adopted regulations. The Program will only install and elevate units replaced by the Program and does not elevate Applicant-provided MHUs.

The Program provides funding for ramps, landings, and other appropriate site improvements to provide safe ingress and egress from all installed MHUs. The Program does not provide elevators for access to MHUs unless documented as medically required or necessitated by site constraints (e.g. where a suitable ramp would not fit).

MHUs may not be installed on top of compacted fill to achieve the required elevation. Elevation may be achieved by any of the following elevation methods:

- Pier & Beam System
- Perimeter Wall or Foundation
- Piles (Helical, Screw and Driven)

2.4 Eligible and Ineligible Activities

The following are the activities that are eligible for CDBG-DR assistance under the Program:

- Demolition and Site Preparation
- Replacement of MHUs
- Elevation
- Hazard Mitigation
- Tenant(s) that meet the Uniform Relocation Act (URA) definition of “Displaced Person(s)” may be entitled to receive temporary URA Relocation benefits. See Section 10.8 for further information.
- Temporary Relocation Assistance to owner-occupants is allowable at the Subrecipient’s discretion.

Below are activities that are not eligible within the Program:

- Chattel mortgage payoff.
- SBA home/business loan payoffs.
- Funding for detached structures such as garages, sheds, or accessory dwelling units.
- Funding for portions of, or an entire property designated as a rental unit.

- Funding for Second Homes.
- Compensation payments.
- 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 more than entry and egress requirements.
- Replacement activities for Applicants that do not comply with the required environmental stop-work order.
- Any activities that do not comply with local, state, and federal laws or regulations.
- Assistance to Applicants whose home was in a flood hazard zone, previously received federal flood disaster assistance and failed to maintain the required flood insurance.
- Travel cost, loss of income.
- Lien or judgment payoffs or removal of items from title.
- Past due or current land rents or lease payments.
- Reimbursement or repayment for replacement of MHUs purchased separately by the Applicant.
- Ineligible structure types include stick-built homes, condominiums, accessory (appurtenant) detached structures, including sheds and similar structures, container homes, recreational vehicles, houseboats, camper trailers, and multi-unit dwellings.

2.5 Overview of Applicant and Project Eligibility

All Applicants and projects assisted by the Program must meet the following eligibility criteria:

- The Applicant must have owned and occupied a MHU in a mobilehome park as their primary residence located in one of the HUD-Identified MID counties pursuant to DR-4683.
- The Applicant household must be low-to-moderate income (at or below 80% AMI) as defined by the CDBG regulations at 24 CFR 570.3, definitions of low- and moderate-income household. See section 3.13, Income Eligibility and Determination.
- The Applicant must have a valid and enforceable lease or a month-to-month tenancy agreement and a verification of rent from the park owner for the lot on which the replacement MHU is installed. Applicant must be current on the lot rent at the time of eligibility review.

- The dwelling must have at least $3,000 in real property flood damage from the qualifying disaster.
- There must be a registered, metered electrical connection on-site. Solar as a sole source of power is not eligible.
- There must be site access to a water source via well or city-managed water, and it must have sufficient water flow rate to support the structure.
- Must have ability to connect to a wastewater treatment system via septic or city-managed sewer.

NOTE: Subrecipient costs attributed to determining an Applicant ineligible are reimbursable.

2.6 Proof of Identity

The Program must be able to validate the identity of all Applicants and Co-Applicants. As such, the Program requires valid government issued photo ID from all Applicant at the time of application. Acceptable identification includes:

- Driver's License or State Identification Card,
- Military Identification Card
- Passport
- Other government issued photo ID

3. PROGRAM REQUIREMENTS

3.1 Participation Agreements

An Award through the Program requires the Applicant to certify that they understand all Program terms and/or requirements and agree to the following:

- The Applicant must agree to provide any and all documentation as required by the Program.
- The Applicant must comply with the terms of the MHRE Program, including Assignment Agreement, in which the Applicant agrees to immediately notify and remit to the Program any additional funds they may receive from potentially duplicative sources.
- The Applicant must confirm and agree with the details of the total cost provided to replace and elevate the MHU, the total DOB amount, and the final Program Award amount.

- The Applicant must enter into an Escrow agreement (if applicable) and deposit all required funding to cover any funding gaps between the Program Award amount and total cost to replace and elevate the MHU.
- The Applicant must enter into a binding agreement to replace and elevate the MHU.
- The Project and Applicant must comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR Part 58 and stop any and all construction, replacement, or elevation work (if applicable) upon submitting an application to the Program until environmental clearance is received by the Program.
- The Applicant agrees not to transfer or cause to transfer title to the damaged MHU or any interest in the property during construction, unless directed by the Program to surrender title to the Department of Housing and Community Development.
- The Applicant agrees to arrange access to the property for the General Contractors (GC) providing MHU replacement and elevation services. If reasonable and timely access is restricted or denied to a GC who is making a good faith effort to perform the required work, the award may be terminated.
- Tenants are required to temporarily relocate from the property during construction, without exception. The Program can cover certain costs associated with tenant relocation (See section 10.8, Temporary Relocation of Impacted Tenants). The Program is not responsible for lost or damaged belongings of the Applicant and/or household members that have occurred during construction.
- During the construction phase the Applicant must not interfere in work areas and make a reasonable effort to stay away from the project area during site prep, removal, replacement, and elevation services.
- The Applicant shall comply with the terms of all Program agreements, as applicable, and shall cooperate with the Program, its officials, employees, assigns, agents, contractors and consultants, including their assigns, employees, subconsultants and subcontractors (collectively, the Subrecipient) with respect to the project work. In the event any household member unreasonably interferes with the work or an inspection in any manner, the 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 Program funds to HCD for all work performed on the property by the GC.
- The Subrecipient and Applicant must confirm with the park owner that the scope of work is in compliance with all community rules and regulations and rental agreements relating to the replacement and elevation of the new MHU to be

brought into the park. The park owner must also sign a right of entry form, or provide other documented verification that the Program will be able to complete the MHU replacement and elevation. The park owner may be required to sign applications or plot plans for the program to receive a permit.

- The Applicant must reoccupy the home as their primary residence after Program replacement and/or elevation activities are complete, effective upon receipt of the Certificate of Occupancy. Re-occupying the home must occur within 60 days of the key turnover.
- 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 do not consent to fill out an application, the Program cannot provide assistance.

3.2 Qualifying Disaster Tieback

Eligible MHUs must have been damaged or destroyed as a result of the qualifying disaster DR-4683 and be located in a MID county.

3.3 Damage Threshold

Applicants must have sustained damage and still have outstanding $3,000 in damage to their property as a result of the disaster to be eligible for Program assistance. The Program may utilize one or more of the following sources to verify damages:

- FEMA award letter with a determination of damages to the structure
- Private Insurance Proof of Loss
- Contractor estimate
- The HCD MHRE Inspection Checklist
- Subrecipient Inspection Checklists
- Additional third-party data and documentation, as available

3.4 National Objective

In accordance with 24 CFR 570.208, Section 104(b)(3) of the Housing and Community Development Act, (HCDA), and as further outlined within the waivers and alternative requirements at 88 FR 32046, all CDBG-DR funded activities must meet one National Objective criterion related to its specific mitigation impact and defined direct benefits or service area. All Projects funded under the MHRE Program must meet the National Objective for very low-, low- and moderate-income (LMI) households.

3.5 Duplication of Benefits

In accordance with the Stafford Act requirements, all activities funded with CDBG-DR must undergo a Duplication of Benefits (DOB) review and a calculation must be completed prior to funding awards and again prior to closeout (See section 5, Duplication of Benefits).

To address any potential future DOB, the Applicant must, as a requirement for participating in this Program, agree to enter into a signed assignment agreement to repay any assistance later received for the same purpose as the Program funds (See section 10.5, Grant Recapture Policy).

3.6 Federal Assistance and Flood Insurance Requirements.

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 to qualify for Federal assistance. Beneficiaries 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.

For MHUs in designated flood areas, the Beneficiary must acquire and maintain flood insurance coverage on the property in perpetuity after Program replacement and/or elevation activities are complete, and prior to key turnover for the unit. This obligation is also required to be passed on to subsequent owners of the property. A Beneficiary who fails 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.

3.7 MHU Site Relocation

If the damaged property was in a rented space in a Mobilehome Park (Park) that is not operational with full water, sewer/septic and power utilities or otherwise closed at the time of application of the Program, the Applicant may be eligible to be placed in a different Park that is located within the same county.

Site-specific environmental review results related to the new site within the new park and any necessary environmental remediation costs could impact the timeframe and site-specific eligibility for MHU relocation.

The Program determines feasibility at initial inspection. Due to potential unforeseen issues that could be found on the new site, the Program cannot guarantee that funding can be provided even if the above criteria are met.

3.8 Model Eligibility Policy

Replacement MHUs are comparable to the original, damaged MHU in characteristics (number of bedrooms and square footage) of the MHU they are replacing. Subrecipients may consider exceptions to this provision due to a change in household size and will be considered on a case-by-case basis.

3.9 Owner-Occupancy Requirements

The Subrecipient, after reviewing all applicable occupancy supporting documents, will determine primary residence eligibility based on known circumstances and available information at the time of processing the application. The Subrecipient may require the Applicant to provide additional documentation or affidavits to explain any discrepancies at any point during the application process.

The Applicant must have owned and occupied the MHU as their primary residence at the time of the disaster and at least sixty (60) days preceding the date of the disaster. Second-homes, vacation homes, and investment properties are not eligible for assistance under the Program.

In determining if the Applicant occupied the damaged property as their primary residence, the Subrecipient 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 following exceptions may apply under special circumstances related to occupancy for owner-occupants as it relates to the occupancy requirements:

- Active-duty military personnel who own a disaster-damaged MHU in one of the MID designation Counties and were assigned to duty away from their home at the time of the disaster are eligible to apply to the program
- Applicant incapacitated due to illness who own a disaster damaged home in one of the MID designation Counties 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 Applicant 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.
- MHU owners who own a disaster damaged home in one of the MID designation Counties who were incarcerated at the time of the disaster are eligible to apply for the Program.
- Note: The damaged home could not have been used as 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.

3.10 Ownership Requirements

The Applicant must document that they owned the MHU at the time of the qualifying event by one (1) of the following:

- **Certificate of Title from California HCD dated at least 60 days prior to disaster; or**
- **Bill of Sale at least 60 days prior to the disaster and Proof that the unit is lien free.**

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 are reviewed on a case-by-case basis and in conjunction with unit size and type determinations.

3.11 Joint Ownership

All individuals on the Certificate of Title of the subject MHU and who will also be living in the replaced MHU must be designated as Co-Applicant on the application.

Co-owners of the subject MHU who are not applying for Program assistance and will not be occupying the MHU will be required to sign and submit a Co-Owner(s) Consent form, agreeing to the demolition and replacement of the unit.

3.12 Death of an Eligible Applicant

When the Program is notified of the passing of an Applicant, the Subrecipient will work with the heirs/successors/estate administrators as applicable to complete a new eligibility review of the application. If no eligible heir is located, the application will be closed.

Should the passing of an eligible Applicant require that construction work stops, the GC 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: a will, probate documents, and/or court orders to start the new eligibility review process. It is the heir's responsibility to prove legal ownership.

If an eligible Applicant passes away the eligible Applicant's heir/successor may be deemed eligible to receive assistance through the Program if the heir/successor can 1) demonstrate current ownership of the damaged property and 2) the heir/successor meets all other eligibility requirements.

3.13. Unmet Housing Need Since the Disaster

If, after the disaster, the Applicant has purchased, built, or rebuilt a primary residence or has occupied or re-occupied a previously owned property (including a rental property or second home) as their primary residence, then the Applicant no longer has an unmet housing need and is not eligible for Program assistance. The damaged property will then be considered a second home even if the Applicant occupied it at the time of the disaster as their primary residence.

If an owner-occupant purchased an MHU which was rented in a mobile home park after the disaster and the unit is substandard (not suitable for habitation), the Applicant can submit an appeal for consideration of an exception to this policy that must include:

- A hardship letter that includes an agreement to decommission the substandard unit upon occupancy of the new unit,
- Evidence of available space in a mobile-home park to place the new unit; and,
- Documentation that the unit is substandard via a red tag inspection, code enforcement report, or home inspection provided by a professional third-party inspector citing health and safety code violations.

3.14 Income Eligibility and Determination

The Program is open to Low-to-Moderate Income (LMI) households only. To be recognized as Low-to-Moderate Income (LMI), a household's Modified Adjusted Gross Income (MAGI) cannot exceed 80% of Area Median Income (AMI), adjusted for family size for San Joaquin and Merced Counties. HUD's Income limits are published on their website found at the following link:

https://www.huduser.gov/portal/datasets/il.html.

All applications will be screened for income eligibility through submission of specific required income documentation or third-party data sources. Income eligibility is verified during the Program application process for all household members over the age of 18 and is valid for twelve (12) months from the date Program eligibility is determined.

A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. Household members are all persons (minors and adults) who are living in the damaged home.

The Program collects income information for all household members including household members who are 18 years of age or older, therefore all household members over the age of 18 must provide a copy of their most recent year's filed tax return, or, tax return transcript and three paystubs for the previous 90 days, and/or other recent income from the previous 90 days, for the MAGI of the household to be calculated.

- There may be situations where a household member may have had no obligation to file a tax return, have not yet filed, or filed an extension. In that case, the household member will be required to submit current documentation that reflects their current income and complete the Income Addendum Form. If household Income has changed since the most recently filed tax return, the Subrecipient will need to project the Applicant's Household income to ensure compliance. A pay raise, job loss, overtime, family size or composition would all be considered a significant change. If the income projection calculates a significant increase in income by 20% or more, the projected income will be used to determine the applicant's income eligibility. Acceptable supporting documentation are listed in Section 13 below. A new Household Income Certification Form will also be required if the Applicant's income determination changes prior to the Program Award.
- If the Applicant does not accept the Award within a twelve (12) month period, the Applicant will have to provide verification of current income for recertification purposes. Household Members with Zero Income will be required to complete the Zero Income Certification attesting to their situation. Household Members with other sources of income must disclose all sources.
- After receiving all required documents, the Subrecipient will make a final income determination, which will be documented in the Applicant's file.

NOTE: Please see Section 14 for allowable documentation to support verification of eligibility.

4. APPLICATION PROCESSING

4.1 Application Deadline and Submission

Application deadline: Applications are accepted until all funds are exhausted or June 30, 2028, whichever comes first. The Program reserves the right to reduce or extend the application deadline as necessary with reasonable prior notification to the public.

Subrecipients are encouraged to establish protocols for receipt of applications. HCD requires Subrecipients to provide Applicants with multiple methods to access and submit an application – online, mail, in person, etc.

Reasonable accommodations should be made available to assist Applicants who do not have online access to complete an online application and Subrecipient staff or

subcontractors should be available to assist with completing an application via telephone and at outreach events. Mobile intake should also be available to assist those in need.

4.2 Application Forms

All Applicants (and co-applicants when applicable) must sign the following Program required application documents either electronically using DocuSign or hard copy signed with an original signature at the time of application submittal:

- MHRE Application
- MHRE Program Grant Application Certifications
- Fraud Acknowledgement Statement
- Conflict of Interest Affidavit
- Consent and Authorization to Release Personal Information
- Right of Entry (ROE) Authorization and Agreement, or, if Subrecipient is unable to obtain the right of entry form from the Park owner, other documented verification that they will be able to complete the MHU replacement and elevation.
- Mandatory Flood Insurance Acknowledgement Form (if applicable)
- Income Tax release(s) Form (4506C) (only one signature needed if filing jointly)
- Zero Income Certification Form (if applicable)
- Co-Owner Consent Form (if applicable)
- Power of Attorney (POA) (if applicable)
- Communication Designee Form (if applicable)
- Other Program-related documents (as required)

To submit required documentation electronically, Applicant must enter a valid email address for each household member submitting income documentation or certification. Documents that are manually signed must be signed with an original signature to be accepted.

Note: There may be multiple owners on title to the damaged MHU who are not occupants of the MHU. All non-occupant co-owners on title must sign the Co-Owner Consent Form.

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

4.3 Administrative and Voluntary Withdraw

During the application process, the Applicant is expected to respond to Program requests for information/materials in a timely fashion to complete the eligibility process. At no time should a Program request for additional information go unanswered beyond twenty-one (21) calendar days. If the Applicant needs an extension, clarification, or assistance, they should make that request within the twenty-one (21) calendar day window. If the Applicant fails to provide the requested information/materials or fails to ask for an extension or assistance, their application will be administratively withdrawn.

If an Applicant becomes unresponsive, the application will be administratively withdrawn. “Unresponsive” is defined as the failure to answer or return three (3) consecutive phone calls, and failure to respond to one (1) written request within twenty-one (21) calendar days. Exceptions to the above may be approved by the Program on a case-by-case basis for clearance of title defects, death, or illness of an Applicant, or other circumstances beyond an Applicants span of control.

The Applicant may request to voluntarily withdraw from the Program at any time. The Applicant must provide the request to withdraw in writing or by email to the Program. However, if an Applicant cannot or will not provide a written request to withdraw, a detailed case note may be used to support the Applicant’s withdraw request. All Applicants who choose to withdraw will have the option to rescind their request to withdraw within thirty (30) calendar days.

If the Applicant chooses to withdraw after replacement activities have begun, the Applicant will be required to repay all Program funds expended on their project through a recapture process. Once an application is withdrawn, a new application will be required if the Applicant wishes to participate in the Program again.

4.4 Limited English Proficiency (LEP)

Subrecipients must follow California Government Code Section 11135, associated language access regulations at 2 CCR 14100 and Title VI of the Civil Rights Act of 1964, which prohibits language-based national origin discrimination and requires meaningful access to programs, services and activities, including through the use of alternative communications services, for Limited English Proficiency (LEP) individuals.

Subrecipients must ensure that all have equal access to information about the programs, including persons with disabilities (vision and hearing impairments) and Limited English Proficiency persons.

As a standard practice, Program documentation is translated into Spanish. Translation into other languages is completed upon request. By translating and providing Program documents in their native language, all Applicants are given reasonable opportunities to understand Program requirements.

4.5 Special Needs

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

5. DUPLICATION OF BENEFITS

5.1 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.

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.

The Subrecipient will perform the first level of review for all potential duplication of benefits (DOB) during preliminary eligibility determinations. As part of this review, the Subrecipient 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 reduce the Grant award amount available to them. The total DOB amount is deducted from the total cost of Replacement, which may leave a gap in the funding amount needed to replace the unit, which the Applicant must fill from their own non-duplicative funding sources.

The Subrecipient will also 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(s) is deemed ineligible for the Program

5.2 DOB Process

The DOB process involves a two-tiered verification process:

5.2 DOB Review:

The DOB review process requires the Subrecipient to perform a two-tiered verification process. The initial review is completed by the Subrecipient 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 Subrecipient is unable to confirm the total assistance received, the application shall be returned for correspondence to request needed documentation and necessary updates.

After verifying the total amount of assistance received, the Subrecipient will determine whether the Applicant rejected any assistance they were eligible to receive and support their findings with documentation. After the Subrecipient has confirmed the total assistance received, the Subrecipient then submits their findings for a secondary review

The secondary review is then completed by the Subrecipient. Within the secondary review, the reviewer shall perform a review of all assistance types. Additionally, the reviewer is responsible for confirming all assistance has been identified and accurately reflected within the Subrecipient system of record. If the DOB reviewer discovers any discrepancies with the supporting documentation or additional assistance, the DOB analysis must be redone.

5.3 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:

FEMA:

FEMA Individual Assistance (IA) may have been received by Program Applicant or home repairs or replacement. If the assistance received was FEMA IA for home repairs, the amount will not be considered a DOB. FEMA IA will be determined and verified by the Program through the FEMA IA NEMIS (National Emergency Management Information System) database. If the Applicant can document the FEMA IA amount for replacement was usedr 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.

SBA:

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

The full amount of the SBA loan available to the Applicant for 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 Applicant 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 because the loan was either insufficient for their needs or debt repayment became a hardship due to delays for additional assistance. Subrecipient may need to assist the applicant 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 Applicant/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(ii).

Insurance:

All property insurance settlement amounts for total loss to replace a dwelling 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 Applicant and the insurance company.

Insurance proceeds taken by a lender as a forced loan payoff or paydown do not count as a duplication of benefits. The Applicant will be required to provide documentation to the Program that the loan 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.

Lawsuit Settlements:

Lawsuit settlement funds will be evaluated for DOB applicability as more information becomes available and, on a case,-by-case basis.

Legal fees that were paid by the Applicant to successfully obtain insurance proceeds are considered exclusions to the Applicant and are not included as part of their DOB. Applicants need to provide evidence of payment and a judgment or settlement document demonstrating the Applicant's success in the legal action. All other legal fees that a Applicant may have paid out of any disaster assistance proceeds are deducted as part of

their DOB if the assistance funding used was intended for replacement and/or elevation of the damaged residence.

Other Funding:

Any funding received for the same purpose as the MHRE 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 the Applicant in Rehabilitating or Reconstructing their home must be reported in the application process and verified by the Program.

- **State Supplemental Grant Program** (SSGP) for Real Property. SSGP provides grant assistance for Applicants to replace or rebuild their home, which serves as the same purpose as the Program funds. The awarded amount verified by the Program for the purpose of replacing real property is considered a DOB.
- **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 Applicants unmet need entering the Program. Contributions of materials or labor for non-eligible items will not be subtracted from the Applicants total need.

5.4 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 a 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.

5.5 Calculating Total Assistance: Non-Duplicative Assistance and Exclusions

Not all assistance received by an Applicant is considered a DOB. The following types of assistance are not counted and are referred to as Non-Duplicative or Exclusions:

- 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. Theft or Vandalism
- Contractor Fraud
- Social Services Block Grant (SSBG) funding, and
- Other sources considered non-duplicative or for a different purpose as defined by the Program.

The Program will allow for reductions of DOB totals if the Applicant can prove that the use or control of the funds meet certain criteria. Eligible repair exclusion credits will be provided for all documented and properly completed work based on unit pricing and labor costs established by the Program. In accordance with 84 FR 28336, the Program may exclude for DOB 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.

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 Applicant 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.

Funds for the Same Purpose but for a Different Allowable Use:

Funds received for the same purpose as funds provided under the 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.

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 nonduplicative purpose. For example, if an Applicant's chattel loan requires any insurance proceeds to be applied to reduce the loan balance, then the bank holder (not the Applicant) has legal control over those funds.

Therefore, the Applicant 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 replace the unit. Under these circumstances, insurance proceeds are not considered duplicative.

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

However, if a MHU lender requires insurance proceeds to be used for the replacement of the property, those proceeds must be considered as assistance for the same purpose as the CDBG-DR Program funds.

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

Private Loans:

Unlike SBA loans (or any other subsidized loan or Federal loan guarantee Program that helps 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.

Other Assets or Lines of Credit:

Other assets or lines of credit available to an Applicant 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.

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 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 on 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.

Debris removal:

State and local partners have assisted many Applicants with debris removal. This assistance is a cost that is billed to the MHU owner. Insurance proceeds received specifically for debris removal are excluded as a duplication of benefits if the lot has already been cleared as determined by the initial inspection. If the Applicant has spent non-insurance proceeds to remove debris and can demonstrate the expense via invoice or receipts, and the Program verifies that the work has been completed, the expense of that debris removal will be deducted from the Applicant's total DOB obligation.

Contractor Fraud

If an Applicant was a victim of contractor fraud, the amount paid to the contractor may be excluded as a DOB. The following documentation is required to allow the Program to determine if any amount paid to a contractor can be excluded in the DOB calculation:

- Police report or complaint dated before the date of the application;
- Proof of cancelled check (if applicable);
- Bank statement reflecting payment; and
- Contract between Applicant and contractor

Reported contractor fraud will be verified through a review of a report such as from a law enforcement agency, the California Contractor's Licensing Board, or the Attorney General. If no amount of loss is included in the complaint, the Applicant will complete an affidavit to accompany the complaint that lists an amount to reduce the DOB total. In scenarios where a police report, complaint or contract, are not available, the information provided by the Applicant will be reviewed on a case-by-case basis.

Theft or Vandalism

If an Applicant was a victim of theft or vandalism of repair work started or completed may not be counted as a DOB. The following documentation is required to allow the Program to determine if any amount paid can be excluded in the DOB calculation:

- Proof (i.e., paid receipts, photos, filed complaint) that property of the Applicant's home were stolen or vandalized
- Proof of payment such as cancelled checks, receipts, bank statements or credit card statements
- Copy of formal complaint filed with law enforcement agency or appropriate state regulatory agency or court (for civil complaints)

5.6 Repayment of Excess DOB

Section 312(b)(1) of the Stafford Act requires the Program to ensure that Beneficiaries agree to repay all duplicative assistance received before, during or after the MHU is replaced. As part of the Program application and certifications, each Applicant must sign an assignment agreement agreeing to repay any assistance later received for the same purpose for which the Program 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 issuing an award.

If after the award is made, the Applicant is deemed to have received duplicative 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 Section 5, Grant Recapture Policy.

Applicants deemed ineligible for failure to resolve excess DOB will receive an Ineligibility Determination Letter and will be administratively withdrawn from the program, The Ineligibility Determination letter notifies the Applicant of the reason for ineligibility and outlines the process to appeal the decision.

Sample DOB Calculation:

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:

- Assess the Applicant's total need for assistance prior to any assistance being provided,
- Identify all assistance received or available,
- Exclude all non-duplicative assistance received,
- Identify total DOB Amount,
- Determine the maximum eligible Grant Award,
- Compare to the Program Cap
- Determine a final Program Award.
- Reassess Unmet Need if necessary

DOB Calculation Step	Example Given
1. Identify Applicant's Total Need for MHU Replacement	**$500,000 scope of work for the new MHU.**
2. Identify Total Assistance for the Disaster	**$2,000 (FEMA)** **$3,000 (Insurance)** **= $5,000 total**
3. Identify Non-Duplicative Amounts **Examples Include:** • Amounts used for a different purpose, or same purpose, but different allowable use. • Declined or cancelled subsidized loan balances. **Assistance received for the same purpose as the CDBG-DR Grant can be excluded by expenses incurred by the property owner if there are verifiable receipts, invoices, pictures, valuation inspections and other relevant documentation confirming the expenses.**	**$2,500 of insurance was for repair, not replacement, of the MHU.** **+$500** of the insurance was not specifically for, but was spent by the application, debris removal – another eligible expense. **= $3,000 non-duplicative amount.** Non-duplicative amounts will not be counted against any award. There is still $2,000 in FEMA assistance specifically for replacement that was not spent by the Applicant at all on replacement or any eligible

DOB Calculation Step	Example Given
	cost. **This $2,000 in assistance is considered duplicative.**
4. Identify Total DOB Amount (Line 2 minus Line 3)	**$2,000** The Applicant can only continue with the program if they remit $2000 to escrow towards the project.
5. Calculate Maximum Award (Line 1 minus Line 4)	**$498,000**
6. Program Award Cap	**$500,000**
7. Final Award: The award amount is the Program cap amount if the amount in line 5 is greater than the amount in line 6.)	**$498,000** The Applicant will need to escrow **$2,000** of their own funds because that is how much was determined to be duplicative by the program. The program will supply the remaining **$498,000** for the new MHU. The project does not otherwise exceed the program cap so there are no additional funds they would be responsible for.

The scenario below is the same as the above scenario, except the cost of the MHU will be $520,000, which exceeds the program award cap of $500,000 (skip to step 4).

4. **Identify Total DOB Amount** (Line 2 minus Line 3).	**$2,000**

5. **Program Award Cap**	**$500,000**
6. **Compute the cost of the project**	**$520,000**
7. **Final Award = Cost to Replace – DOB – Funds Required that Exceed Program cap**	**$498,000** The Applicant will need to escrow **$22,000** of their own funds to continue with the program. This includes the **$200** of DOB, and the additional **$20,000** over the **$500,000** program cap. The program will provide the remaining **$498,000** for the new MHU.

5.7 Assignment – Repayment of Duplicative Assistance

The applicant and Subrecipient will enter into an assignment agreement as part of the grant certifications, which gives the Subrecipient the right to collect any additional assistance or insurance payouts the Applicant receives for the applicable disaster related events (DOB). 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 Subrecipient recalculates the Grant Award and will provide instructions if the Applicant must remit duplicative amounts to the Program. DOB reviews are conducted again prior to closing out of the project file. Any DOB amount identified during these reviews must be repaid to the Program.

6. MHU REPLACEMENT PROCESS

6.1 Initial Home Inspection

The initial MHU inspection is conducted to:

- Determine the existence and size of the MHU at the time of the disaster.
- Assess the property and what action would be needed to replace and elevate the MHU.
- The inspection must also address all environmental on-site requirements necessary to complete the final Tier 2 Environmental clearance.

As part of the initial home inspection, the GC will observe and document all of the following with notes and, at a minimum, take photos of the following:

- Front elevation

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

All federal regulations regarding lead-based paint, asbestos, environmental review, Program standards, procurement, labor standards, etc., apply to this Program.

6.2 Estimated Cost of Replacement (ECR) and Elevation

The GC will provide an Estimated Cost of Replacement (ECR) and elevation, if applicable, by line items which estimate total costs to replace and elevate the damaged MHUs to the Program's standards.

6.3 Environmental Review

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 replacement and elevation 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. Tier I will be a broad evaluation encompassing the geographical areas identified for the program. HCD and the subrecipient will work together to complete the required Tier II environmental review for each specific site to determine if the proposed construction actions for that site will have a significant impact on the environment based on review topics from 24 CFR part 58 and work on a plan to mitigate those potential impacts. HCD will be responsible for ensuring compliance with CEQA, including the submission or designation of applicable waivers to the CEQA Clearinghouse. 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.

Environmental review must be concluded for each project prior to the commitment of any Program funding. A violation of this requirement may jeopardize federal funding to a

project and disallow all costs that were incurred before the completion of the environmental review and HUD's approval for release of funds.

6.4 Model Selection

Applicants will be invited to select the replacement MHU for which they are eligible and may select a model equal to or smaller than the largest model they qualify for, that will fit on the pad as is. The Program cannot expand the size of any rented pads to accommodate the new unit.

The Applicant may work with the Subrecipient to adjust to a model that works in their circumstances. Applicants who choose accessibility features may work with the Subrecipient to select standard features to support the accessibility request.

The Program may also grant an exception to the model selection if determined that the exception is justified. Exceptions may include the need for an additional bedroom due to disability or health conditions (e.g., for medical equipment) or increased household size. Exceptions will be at the sole discretion of HCD.

The Applicant is allotted a reasonable amount of time to review materials and make final selections. All model selections are final once signed and may not be changed at any point after signature, for any reason.

6.5 Scope of Work Development

The GC is responsible for completing A Scope of Work (SOW). The SOW should include, but is not limited to:

- Maintain a complete understanding of all applicable Program policies, requirements, and protocols.
- Understand and comply with California Codes of Regulations, specifically Title 24 – California Building Standards Code and Title 25 - Housing and Community Development.
- Provide Program Applicants with options, as determined by Subrecipient and communicated to the General Contractor (GC), for two (2), three (3), and four (4)-bedroom MHUs. MHU options must include wheelchair-accessible alternatives and accommodations for households with visual and hearing impairments that meet all applicable Americans with Disabilities Act (ADA) standards. All MHU options must meet the California Building Standards Code and local building and zoning codes.
- Enter into a written agreement with the Applicant and Subrecipient for the construction work.

- Prepare plan and design documents for the replacement and the elevation of the MHU in compliance with all Program, federal, state and local building standards and requirements.
- Provide the necessary labor to carry out the acquisition, delivery, and installation services for replacement MHUs from the manufacturer or staging area to the site of installation. This includes ensuring all required Department of Transportation hauling permits are obtained by the hauler.
- Obtain all permits for demolition, if applicable, and setting of the new MHU unit (including any separately filed permits for applicable site work) and supply copies of progress reports and issuance of Certificates of Occupancy to the Subrecipient.
- Prepare the site to allow for the installation of the new unit. Site work will include the removal of any obstructive landscaping, leveling of site, fill, or drainage modifications (including the installation of a driveway culvert, drainpipe and/or apron if required for the permit).
- Perform installation and immobilization services for the MHU following delivery including, but not limited to, repairing or replacing footings, perimeter supports, piers, anchoring and skirting, completing stairs and landings (or handicap accessible ramps as required), handrails, guardrails, and connection to all utilities. All installation and immobilization services must be in compliance with HUD MHU Home Installation Standards as required by 24 CFR Part 3285 and follow any more restrictive requirements that may be detailed by state or local building codes or specific park locations.
- Manage and monitor all tiers of subcontractors and the work, services, and/or materials they are providing. HCD expects the General Contractor to provide competent, licensed, insured and qualified staff to work on the Scope of Work described in this Section. HCD, in coordination with the Subrecipient, reserves the right to prohibit unlicensed, uninsured, unqualified, or incompetent staff of the General Contractor from assisting with the implementation of the Program. Neither the General Contractor, a subcontractor, or anyone providing goods or services may be on the federal list of debarred entities https://sam.gov/content/home.
- Subcontract with qualified entities that have experience and expertise working with MHUs. This experience should include, but not be limited to, site preparation, installation of new, compliant MHUs, and all site work in compliance with applicable federal, state, and local codes and permitting requirements.
- Provide all staff who interface directly with homeowners and subcontractors working outside of established program offices with identification, including a standard color collared shirt and photo identification.

- All Contractor staff and subcontractors meeting with homeowners must possess and present at all times approved work orders showing authorization to survey and conduct work on their homes. Work orders must clearly identify the Construction Scope of Work and anticipated timelines for work completion as the General Contractor must also provide documentation to the homeowner explaining the rights of the homeowner throughout the construction process.

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)
- Repair or replacement of unpermitted additions to the dwelling.
- Replacement of special features, trims, and designer features that exceed basic livability requirements and features of standard grade MHUs 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 Building Materials)
- Repair or replacement of fencing, landscaping, or security systems. Fencing may be repaired or replaced if removal was required for the purpose of removing the existing MHU or installation of the replacement MHU.
- Replacement of damaged personal property including, but not limited to:
    - Washing Machines, Dryers,
    - Window air conditioner units
- The Subrecipient is responsible for assuring the SOW is reasonable and customary.

6.6 Building Code Compliance

All residential construction projects must comply with the currently published housing construction codes of the State of California. Housing construction codes for buildings 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 Codes (CBC) under the California Code of Regulations, Title 24 and Title 25, and construction standards must meet or exceed all applicable requirements for housing or building construction, including accessibility and/or mobility feature requirements under CBC Chapter 11B accessibility requirements.

Construction standards for HCD's housing projects also include, but are not limited to:

- 24 CFR 3280 – Manufactured Home Construction and Safety Standards

- Local Building Codes
- CBC Chapter 11B (including, but not limited to, Sections 11B-233 et seq. and 11B-809.1 et seq.) providing accessible features to the extent required by Chapter 11B and applicable Fair Housing Laws
- Wildland-Urban Interface (WUI) Area Building Codes
- California Code of Regulations, Title 25, § 4302 (1), as required.

7. AWARD CALCULATION AND DETERMINATION

7.1 Award Determination

The Program determines the award amount by deducting all DOB received by the Applicant from the final Scope of Work (SOW) cost, not to exceed the Program award cap of $500,000.

The cost of any construction activities which are already underway or complete by the Applicant are evaluated and, if approved by Program, are counted in the calculation as a reduction to the DOB.

To calculate the total eligible award, the Program uses the following process:

1) The Program determines an Applicant's total need by taking into consideration the initial site/damage inspection and the SOW to determine the total cost to replace and elevate the damaged unit.
2) The Program calculates the Applicant's total assistance received to date (DOB) pursuant to Section 5, Duplication of Benefits.
3) The Program then compares the DOB amount with the total need. If the total need is greater than the DOB amount, Program funds are applied to the gap up to $500,000, as described above. If the DOB amount is greater than the total need, no Program funds are awarded.

The award determination yields one of three results:

- Zero award – When the DOB (funds already received) is equal to or greater than the final SOW cost.
- Grant Award – SOW cost is greater than DOB but less than or equal to the award cap of $500,000 for MHU Replacement and Elevation activities.
- Grant Award + Gap – SOW cost is greater than DOB and greater than the MHU Replacement and Elevation Grant cap. Applicants must provide the Funding Gap funds to cover the difference between the award and the total SOW cost.

7.2 Re-Verification of DOB

All DOB funding must be accounted for prior to the Applicant receiving an award. Applicants with DOB must acknowledge and sign the DOB Commitment requirements within in the MHRE Grant Certification form affirming they have all DOB funds on hand and must place the funds in an Escrow account held by the Program for use during construction. Reverification of DOB is completed prior to the final award determination and may be completed again as part of ongoing compliance efforts after the completion of a project.

7.3 Escrow

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

The amount that is the Applicant's responsibility must be remitted to the Program and placed into an Escrow account, prior to entering a construction contract with the Subrecipient or its Contractors. The funds from the Escrow account are disbursed first and once all funds from the account have been fully disbursed, the Grant funds are then disbursed.

7.4 Pre-Award Verifications

Applicants are responsible for providing truthful, accurate, and complete information and documentation to the Program. However, prior to making an award, the Subrecipient 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 Subrecipient performs multiple eligibility and DOB reviews throughout the application, award acceptance, and compliance processes. After consideration of new information and documentation during these reviews, the Subrecipient may make changes to the Program award determination and calculation.

7.5 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.

7.6 Provisions of Funding

The Applicant does not receive direct funding of the award. The Subrecipient pays homebuilding contractors directly and HCD reimburses the Subrecipient, upon review and approval of invoices, from Escrow funds first (if applicable), then from Program funds.

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

Prior to issuance of the Conditional Award Letter by the Subrecipient, the Subrecipient and HCD will conduct a Quality Assurance/Quality Control 1 (QA/QC1) review to ensure all eligibility requirements have been met. QA/QC2 will be completed by both the Subrecipient and HCD prior to issuing the Grant Award Acknowledgement and Acceptance letter and issuance of the Approval to Proceed, which will comprise of a review of the entirety of the project including file completion and feasibility.

7.8 Grant Award Acknowledgement and Acceptance Letter

A Grant Award Acknowledgement and Acceptance letter is generated by the Subrecipient and sent to the Applicant once the following steps have been successfully completed:

- MHRE Application is completed
- All required documentation has been submitted
- Eligibility determination has been completed
- DOB analyses are completed
- Environmental review completed
- Property inspected with estimated cost of replacement (ECR) and SOW determined
- Program Award amount determined
- HCD Approval

The Grant Award Acknowledgement and Acceptance letter provides the Applicant with information about their eligible award amount, any Applicant Escrow required to eliminate gaps in funding, award calculation, SOW, and information about the appeals process. The Applicant can accept the award determination, appeal the award determination within thirty (30) days (See Section 10.1, Program Appeals), or consult with their Subrecipient on the calculation of their award amount.

Once the Applicant(s) accepts and executes the Grant Award Acknowledgment and Acceptance form, the Applicant must verify they have adequate assets on hand to cover the full DOB amount. In lieu of verifying adequate assets for the required DOB, the Applicant may provide evidence of formal loan approval for the total amount due that is equal to or greater than the amount of the DOB. Once verified, the application moves to the award closing process.

8. AWARD CLOSING PROCESS

During the closing process, the Applicant will sign the Escrow agreement, transfer any Escrow funds (if applicable), and sign the construction contract.

8.1 Deposit of Funds into Escrow Account

The Applicant must sign an Escrow agreement with Subrecipient's licensed Escrow agent/company and place all DOB funds into Escrow. If any additional funds above the award amount are required, the Applicant must also deposit those funds into Escrow. All funds must be available and placed into Escrow prior to execution of the construction agreement and/or commencement of any construction.

The Subrecipient and/or GC will contact the Applicant and arrange a timely transfer of the Applicant's funds into Escrow if necessary. The Applicant is fully responsible for providing the Escrow funds within a reasonable timeframe. Failure to deposit all required funds into Escrow within a reasonable timeframe could result in placing the project in a hold status or requiring administrative withdraw from the Program.

8.2 MHU Replacement Agreement (Construction Agreement)

The purpose of the MHRE Construction Agreement (Agreement) is to authorize the replacement and elevation of the MHU. In the Agreement, the Applicant acknowledges their acceptance of the SOW, vacate-date expectations, Grant Award amounts, and the terms and conditions which identify the Applicant responsibilities and the Program responsibilities. The Applicant must sign the Agreement within seven (7) days of receipt to avoid being administratively withdrawn from the Program.

8.3 Approval to Proceed (ATP)

The Subrecipient will issue an Approval to Proceed (ATP) to the GC and Applicant for review and approval prior to the commencement of work. The GC must verify and/or attest to the following:

a) Applicant's current eligibility status is approved by the Subrecipient for the MHRE grant award.
b) Grant Award Acknowledgement amount is unchanged.
c) Construction Agreement is fully executed.
d) Scope of Work and total costs match the Construction Agreement amounts as expected.
e) All required Escrow funds have been verified.
f) All Program required agreements and documents have been fully executed and no additional documentation is required from the GC, Applicant, and Subrecipient.

g) All supporting documentation has been received to ensure a complete package is on file prior to construction.
h) GC has obtained the necessary construction plans and permits and has submitted them to the Subrecipient.
i) GC's performance and payment bonds, as required, have been submitted to the Subrecipient.
j) All of GC's insurance policies are active, as required by the contract.
k) Environmental Tier 2 has been approved by HCD's Certifying Officer.
l) GC Registrations are current and valid.
m) GC provided an overall bonding letter to the Subrecipient which verifies bonding capacity.

Upon review and approval of the ATP from the GC and Applicant, the GC shall return a signed copy of the ATP to the Subrecipient for final approval prior to the commencement of work.

8.4 Relocation during Construction

Temporary Relocation Assistance to owner-occupants is allowable at the Subrecipient's discretion. Tenants are required to temporarily relocate from the property during construction, without exception. The Program can cover certain costs associated with tenant relocation (See section 10.8, Temporary Relocation of Impacted Tenants).

9. CONSTRUCTION MONITORING

The Subrecipient's responsibilities include contracting with and overseeing contractor pre-construction meetings, and monitoring construction by conducting on site progress inspections.

9.1 Construction Monitoring, Progress, and Final Inspections

Subrecipients are responsible for contacting the GC and requesting all on-site progress inspections as construction milestones (25%, 75%, 95%) are achieved. The GC conducts inspections to verify the work being invoiced has been performed in a workmanlike fashion in compliance with plans and SOW. The GC then drafts a progress interval inspection report to record the findings of the inspection. A five (5) percent retainage will be held until all work is complete to ensure that the contractor or subcontractor satisfies its obligations and completes the Project.

When work is nearing completion, the GC notifies the Subrecipient of a specific date when the job is ready for the final 95% inspection, which guarantees that all work has been completed according to contract specifications. The GC will deliver copies of all building inspections and permits issued by the local building authorities to the Subrecipient. The

Subrecipient verifies that the Applicant receives all warranties and instruction booklets for installed equipment prior to releasing the retainage.

9.2 Draw Request Process

The Subrecipient must ensure that construction work starts on each project within thirty (30) days after the permits are issued for the site and the construction work is completed within one hundred and eighty (180) days after the permits are issued. The GC may submit draw requests for payment at the following completion intervals:

25% - Progress Inspection:
- ✓ Construction Agreement signed.
- ✓ MHU order placed, and the Receipt of Deposit is uploaded to System of Record.
- ✓ Conditional Waiver and Release on Progress Payment forms are signed by the GC and/or Subcontractors and uploaded to the System of Record.

75% - Progress Inspection:
- ✓ MHU completed in factory and is ready for delivery.
- ✓ Manufacturer Certificate of Origin uploaded to the System of Record.
- ✓ Tier 2 and any required mitigation has been completed and approved.
- ✓ Demolition and/or removal of the damaged MHU is complete.
- ✓ Site preparation is complete and ready for the delivery and installation of the MHU.
- ✓ Conditional Waiver and Release on Progress Payment forms are signed by the GC and/or Subcontractors and uploaded to the System of Record.

95% - Progress Inspection:
- ✓ MHU delivered and installed.
- ✓ MHU elevated to correct height using the site appropriate following elevation methods:
    - Pier & Beam System
    - Perimeter Wall or Foundation
    - Piles (Helical, Screw and Driven)
- ✓ Skirting completed.
- ✓ Utilities connected.
- ✓ Ramp or stairs completed.
- ✓ Final permit signed off.
- ✓ Certificate of Occupancy received or HCD issues registration.
- ✓ Conditional Waiver and Release on Progress Payment forms are signed by the GC and/or Subcontractors and uploaded to the System of Record.
- ✓ All warranties and instruction booklets for installed equipment are on-site.

5% - Progress Inspection:
- ✓ All performance obligations under the Statement of Work are complete.
- ✓ Final walkthrough with Applicant is complete and all keys turned over to the Applicant.
- ✓ Unconditional Waiver and Release of Final Payment form signed by the GC.

9.3 Change Orders

Change orders may be necessary during replacement and elevation activities. Change orders are requested when the initial agreed upon scope and/or pricing requires modification due to unforeseen conditions. The purpose of the change order is to communicate and record changes to the SOW, contract amount milestones, and/or contract time. Applicant-initiated change orders 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.

All change orders must be supported by a cost reasonableness analysis and include:

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

The change order request and all supporting documentation must be delivered to the Subrecipient for approval. The Subrecipient reviews all requests for change orders in accordance with all federal, state, and Program environmental requirements, evaluates cost reasonableness and signs the change order. The Applicant must also sign the change order and deposit additional funds into Escrow, if the change order makes the award exceed the award cap, before the change order work can proceed.

No change order, regardless of whether there is a cost involved, shall be deemed approved until the Subrecipient has signed the change order request. Work completed without an approved change order is considered unauthorized and at the GC's expense.

The Subrecipient will notify the GC in writing of either approval or denial of the change order and recalculate the award amount, if needed. If the change results in a modification to the Grant Award amount, the Grant Award Acknowledgment and construction agreement must be amended and signed by all parties.

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

9.4 Manufactured Home Warranty

Contractor warrants all work performed in connection with the elevation and support of the manufactured home, including but not limited to foundation, piers, posts, skirting, steps, ramps and site improvements, shall be performed in good and workmanlike manner and in compliance with all applicable building codes and regulations.

A warranty must be provided pursuant to California Civil Code Chapter 3, Sections 1797-1797.7. The law specifically states that "The warranty provided for in this chapter shall apply to the manufacturer of the mobilehome or the manufactured home as well as to the contractor or dealer who sells the mobilehome or the manufactured home to the buyer.

The warranty shall cover the electrical, plumbing, heating, cooling, fire safety, and structural systems, and all appliances of the mobilehome or manufactured home as installed or manufactured by the contractor, dealer, or manufacturer. Where a manufacturer sells a mobilehome or manufactured home directly to a city, city and county, or other public agency pursuant to the exception established in Section 18015.7, the manufacturer shall be responsible for providing the warranty required by this chapter".

Consistent with the standards and timeframes outlined in California Civil Code Sections 900 and 896-945.5, the following warranties shall apply to the site-built work: Contractor warrants that the work shall be free from defects in materials and workmanship for a period of one year following completion, and Contractor must provide a four year warranty to cover any patent defects, which are apparent flaws in the construction and a ten year warranty to cover any latent defects, such as structural deficiencies that could compromise the building's integrity or safety.

The Applicant must sign an acknowledgement form indicating that they have received and reviewed warranties with their building contractor or manufactured home dealer.

10. GENERAL PROGRAM POLICIES

10.1 Program Appeals

If an Applicant disagrees with a Program award or ineligibility determination, they may file an appeal for one of the following reasons, within thirty (30) calendar days of the date of the award determination letter or ineligibility letter. Appeals must be submitted in writing to the Subrecipient via the System of Record, U.S. Mail, or email.

Applicable Reasons for Appeal:

- Program eligibility,
- Grant award calculation prior to the acceptance of the Grant Award Acknowledgment,
- Cost estimates for Replacement and Elevation of MHU, or
- Duplication of Benefits (DOB) amount.

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. Statutory, and regulatory requirements and standards may not be appealed.

Applicant appeals must include a narrative describing, in detail, the reason(s) for the appeal. Applicants must also include all new information and supporting documentation that was not available prior to the award or eligibility determination with their appeal.

Resolution of Program appeals are handled by conducting a thorough full file review of documentation provided in support of the reason(s) for the appeal, and thoughtful

implementation of Program policies. This full file review may result in positive or negative changes to the status of the eligibility or an increase or decrease in the original award amount.

An appeal determination letter will be mailed to the Applicant after complete review of the file and supporting documentation within thirty (30) days after the Program receives the appeal. For requests that require additional levels of review and additional time, the Applicant will receive a notification of extension and estimated timeframe. Notices will also be sent via email.

10.2 HCD Appeals and Exceptions Panel

The HCD Appeals Panel (Panel) is responsible for reviewing Applicant eligibility appeals in accordance with applicable reasons for appeal, as listed in this document. Appeals and exceptions for Program and eligibility determinations can be requested by Subrecipient staff, GC, and members of HCD staff, when necessary. The Panel shall convene as needed to review issues and recommendations submitted by Subrecipient or HCD staff and all determinations shall be presented to the HCD Housing Programs, Disaster Recovery Section Manager for final approval or denial.

The Panel is responsible for addressing Applicant eligibility issues and will make eligibility determinations when the Policies and Procedures do not clearly describe how to proceed with an Applicant's file and will also develop Program clarifications and/or guidance when implementation issues arise.

In cases where a determination made by the Panel requires a change to the Program's Policies and Procedures, an interim policy guidance memorandum or policy manual revision will be created.

10.3 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.

Title II of the Americans with Disabilities Act of 1990 (ADA) applies to public entities, such as state and local governments, and provides, in pertinent part, that "no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity."[1]

[1] Pub. L. 101-336, § 202 (42 U.S.C. 12132).

It is the policy of HCD, and therefore its contractors, 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 the Program or activity may file a verbal or written complaint or grievance with Self-Help Enterprises by contacting its designated Section 504 coordinator at:

- Phone: 559-802-1621
- Email: melissav@selfhelpenterprises.org
- Physical Address: 8445 W. Elowin Court, Visalia, CA 93291
- Mailing Address: P.O. Box 6520, Visalia, CA 93290

10.4 Construction Grievances

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

To be valid, grievances must:

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

Construction Grievances must be submitted in writing, which may include email or mail to the addresses listed below:

- Phone: 559-802-1621
- Email: melissav@selfhelpenterprises.org
- Physical Address: 8445 W. Elowin Court, Visalia, CA 93291
- Mailing Address: P.O. Box 6520, Visalia, CA 93290

10.5 Grant Recapture Policy (Assignment)

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

assistance later received for the same purpose as the Program funds. If, after 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 assignment agreement that reflects the new amount of assistance received post award that is for the same purpose as 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 must be in writing or email. A new application will be required if the Applicant wishes to participate again, provided the application period is still open.
- Construction is not completed due to non-cooperation by the Applicant.
- 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 receipt of additional insurance, SBA, FEMA, non-profit assistance and/or any other DOB received after award.

10.6 Program Income

In some circumstances, CDBG-DR funded activities may generate program income. If program income has been received, it must be used for eligible project or administration costs before additional grant dollars are drawn from the US Treasury. Income generated by a subrecipient may be retained but the income must be reported to HCD on a monthly basis, as detailed in the Standard Agreement between HCD and the subrecipient (Exhibit B, pages 3-4; Exhibit D, page 16). Program income remaining at the end of each quarter is remitted to the state. HCD reports all program income to HUD through the DRGR quarterly. Any program income remaining at the end of a Standard Agreement is remitted to HCD during closeout where the Accounting Branch tracks and reports the program income as revenue until it is obligated through a new Standard Agreement. Program income held by HCD and awarded is tracked through Grants Management System similarly to HUD grant funds.

10.7 Domestic Preference for Procurements

The program will, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

For purposes of this section:

- Produced in the "United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum, plastics, and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

10.8 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 application, as well as documents provided and executed in conjunction with the Program are true to the best of their knowledge. 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.

The Program has procedures in place to address a homeowner's unmet assistance needs because 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.

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.

Anyone wishing to report suspicious or fraudulent activity may contact the program via email at melissav@selfhelpenterprises.org or via phone559-802-1621 or directly to the HUD Office of Inspector General (OIG) via the HUD OIG Fraud Hotline (phone 1-800-347-3735 or email: Hotline@hudoig.gov.

HCD employees are obligated to disclose and report any irregularities, possible violations of fiduciary responsibility or possible violations of state or federal statutes, rules or regulations, or serious wrongdoing and/or gross mismanagement to a person with authority to investigate, discover, or correct the possible violation or noncompliance. Whistleblower protection applies to all HCD activity, including CDBG–DR interagency, subrecipient or contractor's actions associated with the funding awarded for eligible activities and administration costs. Reports of suspected or questionable activities must be made to:

Investigations
California State Auditor
P.O. Box 1019 Sacramento, CA 95812
www.auditor.ca.gov/hotline
800-952-5665
916-322-3360
916-322-2603 fax

The State Auditor will review complaints regarding fraud, waste, or abuse of government funds and forward to the HUD Office of Inspector General (OIG) as appropriate.

HCD's procedures for preventing fraud, waste, and abuse are available in HCD's CDBG-DR Grant Administration Manual Chapter 10.

10.9 Conflict of Interest Acknowledgement and Disclosure

The Program's conflict of interest policy prohibits individuals involved in the Program from using their position to gain personal advantage. The Program requires all employees, contractors, and subcontractors to disclose situations where personal, family, or financial interests could influence their Program related duties. Such conflicts can arise from

having a role in an application, having a relationship with an Applicant, or potentially benefiting from the program's activities. All Program personnel will receive training on reporting conflict of interest and will acknowledge any potential conflicts prior to award approval.

Applicants will also be required to acknowledge any potential conflict of interest and a duty to report them during the application process. Applicants who report a conflict of interest or who are related to or have a close working relationship with any HCD staff or subrecipients, will have their applications placed on hold to review the circumstances. Unreported conflict of interests that are uncovered by the program may result in application ineligibility. Applications with conflict of interest will require prior approval from HUD.

10.10 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 the 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, during participation in the Program.

10.11 Temporary Relocation of Impacted Tenants

The Program is voluntary and not subject to 49 CFR part 24 Uniform Relocation Act (URA) requirements for Owner-Occupant Applicants. However, URA would be applicable to tenants that currently occupy a property at the time the Owner-Occupant Applicant 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 Person(s)" and be entitled to receive temporary URA Relocation benefits. Acceptable documents to verify part of the unit is occupied by a tenant include, but are not limited to:

- Most recent tax returns documenting rental income on schedule E,
- Copy of lease agreement and copies of canceled checks or bank statements verifying payment of rental for the most recent three (3) months.

Anyone who meets the URA definition of a "Displaced Person" must be fully informed of their rights and entitlements to relocation assistance and payments provided under the URA. The Program will ensure that URA relocation requirements are met for any projects

which cause Displaced Person(s) as defined above. These requirements include, but are not limited to:

- Interviews with tenants to determine their needs,
- Provision of written notifications to Displaced Person(s) that inform them about potential future displacement, eligibility, and actions to be taken during the implementation of a displacing project.
- Sufficient identification of comparable dwellings or sites from which persons are displaced prior to their displacement.
- Engagement in relocation planning, which identifies the extent of potential displacement and needs to minimize impacts of displacement to the extent possible.
- Provision of relocation services and assistance payments based on individual needs and entitlements as afforded by URA and HCDA regulations.

The Program activities minimize displacement by ensuring tenants are able to return to their rented unit upon the completion of the work. The URA protects tenants by ensuring they receive assistance when federal or federally funded projects require them to move from their homes for temporary or permanent relocation. The URA does not provide eviction protection in the traditional sense of preventing eviction for unpaid rent. Instead, the URA safeguards tenants' housing stability by providing financial assistance, relocation services, and priority for returning to the rehabilitated property.

The Program is fully compliant with HCD's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) for CDBG-DR.

11. CONSTRUCTION CLOSEOUT

After completion of construction, the Subrecipient conducts a final site visit to confirm that all activities detailed in the SOW are complete and in accordance with all Program requirements and state and local building codes. The GC confirms that all work has been accepted by the local building inspector and if applicable, that a Certificate of Occupancy has been issued. At this time, the GC completes a final inspection form, signed by the Applicant, indicating that all construction activities are complete and satisfactory. This final inspection and signoff are included with the Subrecipients system of record. The Subrecipient also verifies that the Applicant's file includes:

- All required permits and building inspection reports
- Final Program inspection
- Certificate of occupancy
- All environmental reports and remediation details
- Construction warranties and any associated material or product warranties
- Ensure all construction change orders processed

Additionally, Program 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
- Escrow refund documentation (if applicable)
- Update DOB verification
- If in flood zone, proof of flood insurance prior to key turnover

12. PROGRAM (GRANT) 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,
- Documentation that National Objective was met,
- 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, and
- All audit and monitoring issues affecting the Program were resolved

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).

13. FEDERAL REQUIREMENTS

HCD and its Subrecipients must comply with all applicable federal regulations and laws, including but not limited to the identified cross-cutting federal requirements below. Further, all projects funded under the Program must comply with any and all applicable state and locally adopted codes, regulations, and ordinances. This section provides a summary of the significant and applicable cross-cutting federal requirements for all Program activities.

13.1 Flood Insurance

The Subrecipient shall comply with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001). The Subrecipient shall ensure that all program beneficiaries obtain flood insurance on their replacement MHU. The Subrecipient shall also ensure that program beneficiaries understand and acknowledge flood insurance must be maintained in perpetuity. Beneficiaries' flood insurance policies must provide dwelling coverage in

the amount of the lesser of (1) their MHRE Grant Award amount, or (2) the maximum amount of coverage available under the National Flood Insurance Program.

13.2 Federal Flood Risk Management Standard

All MHUs acquired and installed by the Program must comply with the Federal Flood Risk Management Standard (FFRMS). The FFRMS is a resilience standard that expands the floodplain for federally funded projects to a higher vertical elevation and corresponding horizontal floodplain area to address future flood conditions in a changing climate. All new construction, including installing MHUs, are subject to elevation requirements in FFRMS-designated floodplains when compliance with 24 CFR Part 55 is required. Part 55 looks to the FFRMS Floodplain instead of the 100-year floodplain as the floodplain of concern. Subrecipients must note that the FFRMS floodplain is larger than the 100-year floodplain and expands protection beyond just the 100-year floodplain. These site-specific elevation requirements are determined during the design and scope of work development. Structures that are elevated must meet federal accessibility standards.

13.3 Americans with Disabilities Act

Title II of the Americans with Disabilities Act of 1990 (ADA) applies to public entities, such as state and local governments, and provides, in pertinent part, that “no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity.”[2]

The Americans with Disabilities Act of 1990 (ADA) and the Rehabilitation Act of 1973 also prohibit discrimination against "a qualified individual with a Disability" in employment and public accommodations. The ADA requires that an individual with physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment. HCD ensures that reasonable modifications or changes to policies and procedures are made to guarantee people with disabilities equal access to services and programs. Additionally, all activities are accessible, both structurally and administratively, to persons with disabilities. The requirement of ADA applies to all HCD, the Subrecipients, and vendors.

13.4 The Civil Rights Act of 1964 Title VI

Title VI, codified at 42 U.S.C. §§ 2000d et seq., addresses discrimination by recipients of federal financial assistance and provides that recipients of federal fuds must comply with the mandate that no person, on the basis of race, color, or national origin, “be excluded

[2] Pub. L. 101-336, § 202 (42 U.S.C. 12132).

from participation in, be denied the benefits of, or be subjected to discrimination under" any federally funded program or activity.

13.5 The Civil Rights Act of 1964 Title VII

Title VII, codified at 42 U.S.C. §§ 2000e et seq., addresses discrimination in employment based on "race, color, religion, sex, or national origin" by private sector and federal government employers with respect to employees. Based on sex includes based on sexual orientation or gender identity.

13.6 The Age Discrimination Act of 1975

The Age Discrimination Act of 1975 provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance. The Act does not cover:

- Employment discrimination – enforced by the EEOC
- Certain age distinctions in federal, state, or local statutes and ordinances
- An action that reasonably takes age into account as a factor that is necessary to the normal operation or achievement of a statutory objective of a program

13.7 The Restoration Act of 1987

Restores the broad scope of coverage and clarifies the application of the Civil Rights Act of 1964 and specifies that an institution which receives federal financial assistance is prohibited from discrimination on the basis of race, color, national origin, religion, sex, disability, or age in the program or activity which does not directly benefit from such assistance.

13.8 The Equal Employment Opportunity Act of 1972

Empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in any federal court against any private-sector employers after the EEOC has investigated the charge, found probable cause of discrimination and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings federal, state, and local governments under the Civil Rights Act of 1964.

13.9 Copeland Act's Anti-Kickback Provision

The "Anti-Kickback" provision of the Copeland Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers' pay be permissible, and that contractors maintain and submit weekly payrolls.

The U.S. Department of Labor describes the Copeland Act's Anti-Kickback as prohibiting contractors and subcontractors performing work on covered contracts from in any way inducing an employee to give up any part of the compensation to which he or she is entitled. The Copeland Act and implementing regulations also require contractors and subcontractors performing on covered contracts to pay their employees on a weekly basis and in cash or a negotiable instrument payable on demand and to submit weekly payroll reports of the wages paid to their laborers and mechanics during the preceding payroll period. Additionally, the Act's regulations at 29 CFR §§ 3.5 and 3.6 list payroll deductions that are permissible without the approval of DOL and those deductions that require consent of DOL and prohibit all other payroll deductions.

13.10 Contract Work Hours and Safety Standards Act

The Contract Work Hours and Safety Standards Act (40 USC, Chapter 5, Sections 326-332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240) applies to contracts over $100,000 and requires that workers receive overtime compensation (time and one-half pay) for hours they have worked in excess of 40 hours in one week. Violations under this Act carry a liquidated damages penalty ($33 per day per violation).

13.11 Equal Employment Opportunity Act

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal contractors and federally assisted contractors and subcontractors, who do over $10,000 in government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin. The Executive Order also requires government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.

13.12 Contracting with Disadvantaged Businesses

The non-federal recipient or Subrecipient of federal financial assistance should, when possible, ensure that Small Businesses, Minority-Owned Businesses, Women-Owned Businesses, Veteran-Owned Businesses, and Labor Surplus Area (LSA) Firms are considered in procurements (CFR Title 2 Subtitle A Chapter II Part 200 Subpart D).

The Minimum Acceptable Outreach Standards Section 281 of the National Affordable Housing Act requires each participating jurisdiction (i.e., Subrecipient) to prescribe procedures acceptable to the HUD Secretary to establish and oversee an outreach program to include Small Businesses, Minority-Owned, Woman-Owned, and Veteran-Owned Businesses, as well as the LSA Firms, in all contracting activities entered into by the Subrecipient. Minimum HUD standards for recipient's or Subrecipient's outreach effort are described in HOME Contract Manual, Appendix XIII-B.

13.13 Fair Labor Standards Act of 1983, Davis-Bacon and Related Acts, California Prevailing Wage Law

Fair Labor Standards Act

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate-of-pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

Davis-Bacon and Related Acts

Excluding the exceptions listed below, when required by federal program legislation, Davis-Bacon and Related Acts (DBRA) require all contractors or subcontractors performing construction contracts financed, in whole or in part, with federal assistance to pay workers no less than the prevailing wages being paid for similar work in the same area, as determined by the Secretary of Labor. Workers must be paid on at least a weekly basis. (40 U.S.C., §§ 3141-3148; 2 CFR, app'x II to pt. 200, ¶ (D) [mandatory contract provisions]; *see* 42 U.S.C. 5310 [applicability to CDBG program].)

Exceptions to DBRA include:

- Construction contracts under $2,000
- Real property acquisition
- Architectural and engineering fees
- Other services (such as legal, accounting, construction management)
- Other non-construction items (such as furniture, business licenses, real estate taxes)
- Rehabilitation of residential property designed for fewer than eight families; and
- Debris removal demolition, and/or clearance activities, unless related to construction (demolition and clearance as independent functions are not considered construction).

California Prevailing Wage Law

California's prevailing wage law requires workers employed on public works to be paid the prevailing wage, as determined by the Director of the state Department of Industrial Relations. Most commonly, "public works" include "[c]onstruction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds." (Labor Code, § 1720(a).) There are limited exceptions for construction or rehabilitation of privately owned residential projects when assistance is provided for certain purposes. (Labor Code, § 1720(c)(5).) There is also an exception for "private

residential projects built on private property," but the exception does not include projects that "are built pursuant to an agreement with a state agency," which generally includes all residential projects that receive federal or state funding, regardless of whether the state agency is an actual party to the construction contract or whether funding is indirectly received through an intermediary. (Labor Code, § 1720(c)(1); Dept. of Industrial Relations, Pub. Works Case No. 2024-003.)

In some cases, the State of California prevailing wage rate and the Davis-Bacon prevailing wage rates both apply. In such instances, the higher of the two wage rates prevails.

13.14 Section 3 of the HUD Act of 1968

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, recipients using CDBG-DR funding for housing or other public construction are required, to the greatest extent feasible, to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the Project area.

Projects assisted with DR funds in excess of $300,000 trigger Section 3 requirements. When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 residents and business concerns to meet these minimum numeric goals:

(1) Twenty-five percent (25%) of the total hours worked on a Section 3 Project must be worked by Section 3 workers; and

(2) Five percent (5%) of the total hours worked on a Section 3 Project must be worked by Targeted Section 3 workers.

The Subrecipient and Subrecipient's Contractors shall comply with Section 3 implementing regulation at 24 CFR Part 75. The responsibilities outlined in 24 CFR Part 75.19 include:

- Implementing procedures designed to notify Section 3 workers about training and employment opportunities generated by Section 3 covered assistance and Section 3 business concerns about contracting opportunities generated by Section 3 covered assistance.
- Notifying potential Contractors for Section 3 covered Projects of the requirement of Part 75, Subpart C and incorporating the Section 3 Clause set forth below in all solicitations and contracts.

Section 3 Clause:

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted Projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

The parties to this contract agree to comply with HUD's regulations in 24 CFR. Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and Applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.

The contractor acknowledges that Subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or Standard agreements, Program regulatory agreements, or contracts.

The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.

Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

The contractor agrees to submit, and shall require its subcontractors to submit to them, annual reports detailing the total number of labor hours worked on the Section 3 Project, the total number of labor hours worked by Section 3 Workers, and the total number of hours worked by Targeted Section 3 Workers, and any affirmative efforts made during the quarter to direct hiring efforts to low- and very low-income persons, particularly persons who are Section 3 workers and Targeted Section 3 workers.

- Project Completion Reports shall also include a Section 3 Summary Report of the total number of labor hours worked by all contractors and subcontractors, the total number of labor hours worked by Section 3 workers, and the total number of labor hours worked by Targeted Section 3 workers, as required pursuant to 24 CFR 75.25(a). In the event that the number of Section 3 worker labor hours divided by the total labor hours worked by all workers on a Section 3 Project does not meet or exceed HUD's twenty-five percent (25%) standard, and/or that the number of Section 3 targeted worker labor hours divided by the total labor hours worked by all workers on a Section 3 Project does not meet or exceed HUD's five percent (5%) standard, Subrecipient shall provide additional reporting on the qualitative nature of its activities and those its contractors and subcontractors pursued, as defined at 24 CFR 75.25(b). The standards for hours worked by Section 3 Workers and Targeted Section 3 Workers are subject to change by HUD as published in the Federal Register.

MHRE Projects are required to meet Section 3 requirements as shown above. HCD staff ensures that Section 3 objectives are addressed through direct technical assistance with Subrecipients and file reviews of Projects.

HCD requires the following actions from all Subrecipients to ensure compliance with Section 3:

- 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 DR Projects.
- Notify all bidders that adherence to the Subrecipient's Section 3 Plan is required for contracts and sub-contracts in excess of $300,000.

13.15 Fair Housing and Marketing

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, because of race, color, religion, sex, familial status, national origin, and disability. It also requires that all federal programs relating to housing and urban development be administered in a manner that affirmatively furthers fair housing.

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.

The Fair Housing Act also requires all Grantees and/or Subrecipients funded in whole or part with HUD financial assistance for housing related activities to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status.

Subrecipients must meet the applicable Fair Housing and Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated forms on HCD's website, where applicable[5]. The Marketing Plan must be in compliance with all applicable Fair Housing Laws and demonstrate how the Subrecipient affirmatively furthers fair housing.

Outreach and marketing activities may include, but are not limited to:

- Door-to-door canvassing
- 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.
- Social media to create Program awareness, alert impacted populations that applications are open, and to promote Program events. The following social media platforms will be utilized by the Program:
    - X(Twitter): x.com/SelfHelpEnt
    - LinkedIn: www.linkedin.com/company/self-help-enterprises
    - Facebook: www.facebook.com/selfhelpenterprises

Program marketing materials are presented in English and Spanish and are developed to meet accessibility standards.

HCD oversees the Subrecipient's efforts in developing and implementing the Outreach Plan and participates in outreach and marketing activities as needed.

13.16 Residential Anti-Displacement

When applicable, HCD and its Subrecipients shall make every effort to minimize the displacement of families from their homes and/or neighborhood, according to the State of California's Residential Anti-displacement and Relocation Assistance Plan. The Program is fully compliant with HCD's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) for CDBG-DR.

The Housing and Community Development Act of 1974, Section 109 of Title I Section 109 prohibits discrimination on the basis of race, color, national origin, sex, and religion in any program or activity funded in whole or in part under Title I of the Community Development Act of 1974, which includes Community Development Block Grants. It specifically provides that no person shall be excluded from participation (including employment) denied program benefits or be subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title I of this Act.

13.17 Uniform Relocation Act and Real Property Acquisition

When applicable, HCD and its Subrecipients must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended by the Uniform Relocation Act Amendments of 1987 (URA or Uniform Act). The URA contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program in which HUD financial assistance is provided. Implementing regulations, 49 CFR Part 24, include steps which must be taken with tenant occupants, including those who are not impacted by the HUD assisted activity. URA was amended by Public Law 105-117.

14. ALLOWABLE DOCUMENTATION

Below is a list of suggested documentation that may be utilized to determine eligibility under the program. The Subrecipient may revise the Allowable Documentation table as necessary to ensure all information is documented and verified.

Eligibility Requirement	Document(s)	Applies to:
Verification of Income	• Income Certification in Intake Application; and • Most recently filed tax return (1040EZ or	All Applicants and Household Members over age 18

Eligibility Requirement	Document(s)	Applies to:
	1040) with all supporting schedules; and • IRS Form 4506C; and • The HCD Income Addendum (if household member claims they did not file a tax return, or claim they were not required to); and • The following wage or other income sources (if any applicable) ONLY if a household member indicates they have had an increase to their income since their most recent tax return or were not required to file a tax return but have income; **Wages**: • 3 paystubs from the most recent 90-day period prior to the date of the application, (they do not need to be consecutive unless the pay frequency is monthly); or • Current social security benefits letter (including benefits paid to minors); or • Current pension/retirement benefit letter (if applicable), or prior year 1099; or • Current annuity payment letter (if applicable), or prior year 1099. **Self-employment income**: • Current profit and loss statement(s), as applicable **Unemployment Benefits**: • Current benefit letter with gross benefit amount (note: Program may contact employers for verification) **Court Ordered Alimony/Spousal**	

Eligibility Requirement	Document(s)	Applies to:
	Maintenance: • Copy of court order documentation and verification of receipt of payments for the most recent 90-day period.	
Park Lease Agreement	• Copy of executed lease agreement between Applicant and Mobilehome Park, otherwise evidence of a month-to-month agreement	All Applicants
Verification of Ownership	• Certificate of Title from California HCD dated at least 60 days prior to disaster; or • Bill of Sale at least 60 days prior to disaster and proof that the unit is lien free.	All Applicants
Verification of Occupancy at the Time of the Disaster	• Driver's license reflecting the damaged address, issued at least 60 days prior to the disaster; or • Proof of FEMA Individual Assistance for the unit; or • Primary residence homeowner tax exemption from the year of the disaster; or • Tax return from the year of the disaster with the damaged address; or • Voter Registration from at least 60 days before the period of the disaster; or • Insurance policy covering at least 60 days prior to the disaster, or • Copy of electric, gas, cable internet, or phone bill at least 60 days prior to the disaster. The utility bill mailing address must match the property address and the address at which utilities were provided;	All Applicants

Eligibility Requirement	Document(s)	Applies to:
	or • Utility company letter confirming service at least 60 days before disaster; or • Copy of lease agreement for the pad covering at least 60 days prior to the disaster **NOTE**: incidental services such as propane-tank bills are not considered utility bills and may not be used to establish occupancy.	
Duplication of Benefits (DOB)	All documentation of disaster assistance received including but not limited to: • FEMA award letter • SBA loan award letter • Insurance payments • Lawsuit settlements • State Supplemental Grant Program assistance award letter • In-Kind Donations	All Applicants

15. PROGRAM EXPENTITURE AND OUTCOME PROJECTIONS

Section III.A.2.C of the CDBG-DR Universal Notice requires the Department, as part of their development of program-specific policies and procedures, to develop projected expenditures and outcomes for each quarter of the grant. These must be posted on the Department's public website to ensure transparency and enable public tracking of performance. This allows HUD and the public to compare actual expenditures and outcomes to the projections. Program projected expenditures and outcomes will be reviewed and adjusted as needed when an Action Plan Amendment revises program budgets, allocations, and/or expected outcomes. The expenditure and outcomes projections are located on the Department's website here.

HCD will compare the actual expenditures and outcomes accomplished as part of the quarterly performance report against each program's projected expenditures and outcomes to monitor grant performance and adherence to expenditure timelines. These quarterly performance reports are available on the Department's website here.

16.TERMS AND 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 to abuse one's position or authority. "Abuse" does not necessarily lead to an allegation of "fraud," but it could, depending on the circumstances.

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.

Activity Delivery Costs (ADC): ADCs are allowable costs incurred for implementing and carrying out eligible CDBG activities. ADCs cover the costs of staff directly carrying out the activity in addition to engineering, design, architecture, and environmental services that are necessary for successful completion of the activity. ADCs must be allocable to a CDBG-assisted activity, meet a national objective, and meet all other CDBG Program requirements.

Applicant: An Owner-Occupant(s) of a damaged Mobilehome/Manufactured Housing Unit (MHU) who has applied for Program assistance. There may be more than one property owner who will be living in the Reconstructed property. This additional Owner-Occupant is designated as a Co-Applicant on the application.

Application: A formal document used to collect information and documentation to assess eligibility of an individual Applicant and the Project, to assess duplication of benefits, and to acknowledge compliance with Program policies and procedures.

Approval to Proceed (ATP): A formal document provided by the Subrecipient to the General Contractor and Applicant after the Construction Agreement has been executed prior to commencing work on the Project. The ATP requires all parties including the Subrecipient to approve of the commencement of work prior to any work being performed.

Area Median Income (AMI): is the midpoint of a specific area's income distribution that is calculated on an annual basis by the Department of Housing and Urban Development (HUD).

Authorization to Use Grant Funds (AUGF): is the written notification from HCD to the Subrecipient, indicating that a specific Project has met HCD's prerequisites and authorizing the Subrecipient to expend CDBG-DR funds on that specific Project.

Authorizing Resolution: is a formal resolution of the Subrecipient's highest authority, usually a board of supervisors, authorizing the Subrecipient to accept CDBG-DR funding and the responsibilities that attach, thereto, in general and authorizing people performing specific roles to act on its behalf, including, but not limited to, signing the Agreement with HCD.

Beneficiary: An owner-occupant (s) of a damaged Mobilehome/MHU who has been awarded Program Assistance.

California Environmental Quality Act (CEQA): is a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

Code of Federal Regulations (CFR): is the codification of the general and permanent rules published in the Federal Register by the departments and agencies of the Federal Government.

General Contractor: a properly licensed person or company that Subrecipients or developers hire to undertake a contract to provide materials or labor to perform a service or do a job.

Cross-Cutting Requirements: Regulations outside of CDBG-DR that apply to CDBG-DR Programs. These requirements pertain to financial management, procurement, environmental, labor, acquisition, relocation, fair housing, and non-discrimination.

Davis-Bacon Wage Requirements: The Davis Bacon and Related Acts (DBRA) requires all contractors and subcontractors performing work on federal or District of Columbia contracts or federally assisted contracts in excess of $2,000 for construction, alteration, or repair (including painting and decorating) to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar Projects in the area. The prevailing wage rates and fringe benefits are determined by the Secretary of Labor for inclusion in covered contracts. Contractors and subcontractors on Davis-Bacon Act prime contracts in excess of $150,000, or related Act contracts in excess of $100,000, are also required, pursuant to the Contract Work Hours and Safety Standards Act, to pay laborers and mechanics one and one-half times their basic rates of pay for all hours over 40 worked on a covered contract in a workweek.

Duplication of Benefits (DOB): Financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds. 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 Mitigation funding

with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other Program or from insurance or any other sources. It is an amount determined by the Program that may result in the reduction of an award value.

Environmental Review Record (ERR): A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents as required by CEQA and NEPA regulations. (See California Environmental Quality Act and National Environmental Policy Act).

Federal Emergency Management Agency (FEMA): An agency of the United States Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

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 funding.

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.

Fraud: An illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or another 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.

Grantee: The term ‘‘grantee’’ refers to HCD.

Grants Management System: The web-based, end-to-end, grant management system used by the Department and Subrecipients to manage all grants and awards, including applying for grants, requesting reimbursement of funds, reporting, tracking, and grant closeout.

Household: All persons occupying the same housing unit, regardless of their relationship to each other.

HCD: California Department of Housing and Community Development (HCD or Department)

HUD: United States Department of Housing and Urban Development

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- and Moderate-Income (LMI): Low- and moderate-income people are those having incomes not more than the "moderate-income" level (80 percent Area Median Family Income) set by the federal government for the HUD-assisted Housing Programs. This income standard changes year to year and varies by household size, county and the metropolitan statistical area.

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.

Minority- and/or Women-Owned Business Enterprise (M/WBE): A business that is owned and controlled (minimum of 51 percent ownership) by a member of a minority group or women.

Mitigation: Those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.

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 Manufactured Housing Units (MHU), 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. For purposes of the MHRE Program Policies and Procedures, Mobilehomes are referred to as MHUs.

Modified Adjusted Gross Income (MAGI): 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 (MID) Area: An area that meets the definition of Most Impacted and Distressed set by HUD in the Federal Register Notice and HCD in the Action Plan. For the CDBG-DR appropriation for DR-4683, the MID areas include **Merced County, Santa Cruz County, San Luis Obispo County, San Joaquin County and Ventura County**.

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 consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Flood Insurance Program (NFIP): Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.

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).

Notice to Proceed (NTP): A formal notification provided by HCD to the Subrecipient as approval to begin accepting applications from the public and otherwise launch the MHRE Program.

Owner-Occupant(s): a person(s) who have ownership interest in a property while also occupying that same property as their primary residence.

Owner-Occupied Unit: a housing unit that an Owner-Occupant resides in.

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: a homeowner's principal place of residence. Not a secondary or vacation home.

Program Income: means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in 24 CFR 570.500(a)(4).

Project: Per 49 CFR 24.2 a (22), Project means any activity or series of activities undertaken by a Federal Agency or with Federal financial assistance received or anticipated in any phase of an undertaking in accordance with the Federal funding Agency guidelines.

PRWORA - stands for the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. It is a U.S. legislation that reformed the welfare system and transformed public assistance in the U.S.

Qualified Alien – This definition is based on Title IV of the PRWORA. A Qualified Alien is:

(1) An alien lawfully admitted for permanent residence under the Immigration and Nationality Act (the "Act");
(2) An alien granted asylum under section 208 of the Act;
(3) A refugee admitted to the U.S. under section 207 of the Act;
(4) An alien who has been paroled into the U.S. under section 212(d)(5) of the Act for a period of at least one year;
(5) An alien whose deportation is being withheld under section 243(h) of the Act as in effect prior to April 1, 1997, or whose removal is being withheld under Section 241(b)(3) of the Act;
(6) An alien granted conditional entry under section 203(a)(7) of the Act as in effect prior to April 1, 1980;
(7) An alien who is a Cuban or Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980;
(8) An individual who lawfully resides in the U.S. in accordance with the Compacts of Free Association
(9) An alien who (or whose child or parent) has been battered or subjected to extreme cruelty in the U.S. and otherwise satisfies the requirements of 8 U.S.C. 1641(c);
(10) An alien who was granted nonimmigrant status under section 101(a)(15)(T) of the Act or who has a pending application that sets forth a prima facie case for eligibility for such nonimmigrant status; or
(11) Qualified aliens also include additional groups who Congress determined should receive the same benefits as refugees, as such Afghan and Iraqi with special immigrant visas.

Replacement: The replacement of a damaged Mobilehome or Manufactured Housing Unit (MHU) with a new MHU in substantially the same footprint, or at a new location if the original damaged unit was on leased land and the 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).

Request for Proposal (RFP): A procurement document designed to solicit proposals for services where cost is considered as a factor.

Request for Release of Funds (RROF): An environmental review term for a process used by Responsible Entities (the state) when requesting the release of funds and the authority to use such funds for HUD Programs identified by statutes that provide for the assumption of the environmental review responsibility by units of local government and states. The approval of the RROF is required before environmental clearance may be provided to a recipient of CDBG-DR funds.

Responsible Entity (RE): Under the ERR requirements at 24 CFR Part 58, the term "responsible entity" (RE) means the agency receiving CDBG assistance. The responsible entity must complete the environmental review process. The RE is responsible for ensuring compliance with NEPA and the Federal laws and authorities, for issuing the public notification, for submitting the request for release of funds and certification, when required, and for ensuring the Environmental Review Record (ERR) is complete.

Section 3: is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 Program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low-income residents in connection with Projects and activities in their neighborhoods.

Standard Agreement (SA): The contractual arrangement between HCD and the Subrecipient which sets forth the terms and conditions by which CDBG-DR funds are utilized.

Standard Grade Building Materials: Non-customized materials that meet building code requirements.

Subrecipient: A Non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal Program (see 2 CFR 200.93). For the MHRE Program, Subrecipients are units of local government and non-profit organizations.

Subrecipient System of Record: The Subrecipients system used to manage all grant Applicant/Beneficiary information and documentation.

Tenant: An occupant that does not own but currently occupies a property at the time the Owner-Occupant(s) has applied for the Program.

Uniform Relocation Act (URA): A federal law that establishes minimum standards for federally funded Programs and Projects that require the acquisition of real property (real estate) or the displacement of persons from their homes, businesses, or farms.

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.

23DR MHRE Policies and Procedures Manual_v_6_Final

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