

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

RESIDENTIAL LENDING AND REHABILITATION SERVICES

250 FRANK H. OGAWA PLAZA, SUITE 5313

OAKLAND, CALIFORNIA 94612-2034

ResidentialLending@oaklandca.gov



**SAFER HOUSING FOR OAKLAND PROGRAM (SHOP)
Design, Construction, and Reimbursement Guidelines**

Contents

Overview 2

Application and Selection 2

Work Eligible for SHOP Reimbursement..... 2

 Eligible Building Types 2

 Eligible Retrofit Activities: Required and Optional Measures 3

SHOP Retrofit Process Summary: Three Phases 3

Phase I: Design Development 4

 1. Design Bids and Engineer Selection 5

 2. Design Preparation 6

Phase II: Project Submission and Review 6

 1. Project Submission and SHOP Review 7

 2. Construction Bids and Contractor Selection..... 7

 3. Submission of the Permit Application 8

 4. FEMA Environmental and Historical Preservation (EHP) Review 8

 5. Notice of FEMA Design Approval and Permit Issuance 9

Phase III: Completion and Reimbursement 9

OVERVIEW

The Safer Housing for Oakland Program (SHOP) was created to provide financial assistance to owners for **seismic retrofits of multifamily apartment buildings with a “soft-story” condition** using a Hazard Mitigation Program Grant from the Federal Emergency Management Agency (FEMA) and the California Governor’s Office of Emergency Services (Cal OES)¹. The Program provides **reimbursement of up to 75% of approved design and construction costs after completion.**

APPLICATION AND SELECTION

The application period for SHOP closed on February 17, 2017 and no additional applications are being accepted. Owners were notified in March of 2017 whether their project was conditionally approved or waitlisted and those applications were forwarded to FEMA for the required preliminary review. The City received approval in late 2018 to begin selecting projects for Design Development, the first Phase of the SHOP Process. Projects will be selected from the conditionally approved list in groups over a period of 18-24 months, or so long as funding is available. This is followed by Design Review in Phase II, which is required to determine final eligibility and set the project cap for reimbursable construction activities. The SHOP Process is described in more detail below.

Owners who wish to begin design activities prior to selection for Design Development are encouraged to do so according to program guidelines, with the understanding that reimbursement is only possible if they are later selected and follow the required bid and design process described below. Design activities already completed may still be reimbursable if conducted **according to program guidelines and neither permit issuance nor construction has occurred.**

WORK ELIGIBLE FOR SHOP REIMBURSEMENT

Only certain work on certain buildings is eligible for SHOP reimbursement. In addition to the summary below of eligible building types and activities, refer to the more detailed [SHOP Engineering Requirements](#) available at the SHOP website for design criteria, standards, and technical provisions applicable to SHOP.

Eligible Building Types

A building with all the following attributes is eligible for SHOP reimbursement, however properties with a prior seismic retrofit involving all required measures described below are not eligible.

¹Information about the funding source can be found here: <http://www.caloes.ca.gov/cal-oes-divisions/recovery/disaster-mitigation-technical-support/404-hazard-mitigation-grant-program>

- Residential Group R-1 or R-2 occupancy and five or more dwelling units, built before 1991.
- A collapse-vulnerable lower “soft-story” with a wood-structural system and soft, weak, or open front (SWOF) wall lines (also called a “wood frame target story”) caused by parking, open floor, or basement spaces as defined in Appendix Chapter A4 of the 2016 California Existing Buildings Code.

Eligible Retrofit Activities: Required and Optional Measures

Retrofit measures for projects eligible for SHOP reimbursement are based on Appendix Chapter A4 of the 2016 *California Existing Building Code* (CEBC “Chapter A4”), as adopted by Oakland Municipal Code Title 15 and available at: <https://codes.iccsafe.org/content/chapter/2169/>.

The SHOP Engineering Requirements available at the SHOP website supplement the guidelines in this document and provide modification and commentary on Chapter A4 for the purposes of this program. Design professionals should familiarize themselves with all referenced documents and standards to ensure that activities intended for reimbursement remain eligible.

Required retrofit measures refer to the minimum scope of work for a basic retrofit of the “soft-story” condition of an eligible property using a modified version of Chapter A4 as described in Part B of the SHOP Engineering Requirements.

Optional retrofit measures beyond the required minimum scope are subject to approval by the SHOP Project Manager as well as all City of Oakland regulations and procedures. These may include mitigation of non-structural seismic risks including falling hazards or structural improvement designed to a higher standard than the required measures in Part B. Optional measures may be approved for a lower reimbursement rate than required measures, depending on funding availability.

PLEASE NOTE: Within an eligible building, work concurrent with the seismic retrofit but that is not eligible for reimbursement is not expressly prohibited. However, all activities conducted before project close-out will be subject to FEMA EHP review and approval (described below), so non-seismic work is discouraged. Non-reimbursable activities must be described at the same level of detail as the retrofit project but included under a separate permit with design and construction costs tracked separately.

SHOP RETROFIT PROCESS SUMMARY: THREE PHASES

All SHOP retrofit projects are conducted in three Phases and the requirements for each must be completed before a project moves to the next Phase. The process is summarized below and outlined in detail in the following sections. Also refer to the SHOP Retrofit Process Summary document available at the website.

Phase I: Design Development

Owner obtains design bids and submits them to SHOP for approval. The owner is notified of the maximum reimbursement amount for the bid based on building characteristics such as size and unit count. The owner retains the chosen engineer or contractor who then prepares plans suitable for submission of the building permit application.

Phase II: Project Submission and Review

The permit application and plans are submitted to SHOP for preliminary review in hard copy and digital format. SHOP staff submits the permit application internally to the Planning and Building Department as well as to FEMA for their required review. Permit staff will contact the contractor to follow up with permit requirements and plan check. Once bids for construction are obtained based on approved plans, submitted to SHOP, and approved, the owner is notified of the maximum reimbursement amount based on the amount of the chosen bid and building characteristics such as size as unit count. Once all approvals are obtained, the permit is issued and construction may begin.

Phase III: Completion and Reimbursement

Once all work is complete and the permit is final a SHOP close-out inspection is conducted and reimbursement is requested and processed.

PHASE I: DESIGN DEVELOPMENT

Once a SHOP project has been issued a Notice to proceed with Design Development, the applicant must take the steps summarized below and described in detail on the following pages. Each must be completed before proceeding to *Phase II: Submission and Design Review* to be approved for construction. Refer to the SHOP Retrofit Process Summary and SHOP Owner Instructions for additional step-by-step guidance on how to proceed.

1. Confirm intent to proceed with the retrofit by returning the Intent to Proceed form.
2. Obtain at least 2 bids for engineering services and submit the bids to SHOP for approval.
3. Retain a design professional to complete the design and submit the agreement to SHOP. Intent to Proceed

1. Intent to Proceed

Once a retrofit project has been selected, SHOP will provide the owner with a Notice to Proceed with Design Development. The owner must return the included Intent to Proceed form according to the instructions within two weeks, confirming that they plan to have their design developed and submitted to SHOP for preliminary review. On that form, the owner must indicate whether funding for design and construction has been obtained and provide proof of insurance and evidence that mortgage payments and property taxes are current. **No code violations may be outstanding.** If this response is not received by the deadline, funding may be

released to other applicants. Any intentionally falsified information will cause the application to be rejected.

Once the SHOP office receives the completed Intent to Proceed, staff will contact the owner to confirm receipt and request any additional information needed to confirm eligibility. Once it is approved and returned, owners are responsible for obtaining at least two bids before hiring licensed professionals to assess the project and prepare the retrofit design. **That approval will provide 45 days to submit bids for design services and 90 days to submit a digital copy of the design to the SHOP office.** Extension requests due to industry capacity or scheduling conflicts will be approved at SHOP discretion on a case-by-case basis.

2. Design Bids and Engineer Selection

The State of California requires that multiple bids be obtained for any work intended to receive reimbursement from SHOP. A minimum of two bids are required for all design services and all **bidders must include the SHOP Design Bid Form with their itemized bid.** Once the owner has received all necessary bids, they must be submitted for review using the [Documentation of Design or Construction Bids](#) form that summarizes bid details and indicates their choice of design professional.

All bids must come from design professionals with an active license to practice in the state of California and who are properly insured. Any services performed without a valid license are not reimbursable. You may verify an engineer's license at <http://www.bpelsg.ca.gov>. *Expenses paid in cash and work completed by owner-builders are not eligible for SHOP reimbursement.*

Design professionals bidding on SHOP projects should closely review these Guidelines as well as the [SHOP Engineering Requirements](#) and [SHOP Annotated CEBC Chapter A4](#), both of which are available at the program website. Design bids must include all activities up to and including design approval by SHOP, FEMA, and the Building Department, as well as the cost of structural observation during the construction phase.

- All bids must estimate both the cost and the time needed to complete the work.
- Costs to obtain bids are not reimbursable and are not to be included.
- If the lowest bidder is not selected, an explanation must be provided.
- If two bids cannot be obtained, attempts must be documented on the form.
- Once bids are approved, the maximum reimbursable design amount will be confirmed.
- Once the owner enters into an agreement with the selected professional that agreement must be submitted to SHOP.

If a design-build firm provides a combined bid for both design and construction at the design stage, it must clearly itemize the cost for each category of activity. Only the design portion is to be summarized on the design bid documentation form. The construction portion must be reported separately at a later stage with at least one other construction bid and may need to be

revised based on the final design. See below for instructions regarding the construction bid process once the design is complete.

3. Design Preparation

Once a design professional is under contract they must prepare the design to comply fully with the program criteria as outlined in the [SHOP Engineering Requirements](#) and [SHOP Annotated CEBC Chapter A4](#). The scope of work should be intended for a single permit application, which must not include any non-reimbursable activities.

In addition to the retrofit design considerations, the project scope of work should also take into consideration FEMA's required **Environmental and Historic Preservation (EHP) review**, which is required before individual projects are approved for construction. Because SHOP grants are federal funds, the design must also pass EHP review to determine whether the property has historic significance and whether visible changes to the exterior will result from the completed retrofit. If the finished retrofit work will not result in any visible changes to the exterior of the building, the EHP review is fast and uncomplicated. Therefore, a design that avoids any such changes is strongly recommended. **Projects that proceed with permit issuance or construction before they are notified of FEMA approval will no longer be eligible for reimbursement through SHOP.**

In addition, **all non-reimbursable work conducted concurrently under a separate permit is also subject to EHP review** and a thorough description of those activities must be included as part of the design submission. Be advised that work beyond the scope of the retrofit application may also complicate EHP Review and is strongly discouraged.

PHASE II: PROJECT SUBMISSION AND REVIEW

Once the design is complete the project is submitted for review to SHOP and will be forwarded to the Planning and Building Department and FEMA. The necessary steps are summarized below and described in more detail on the following pages. Each must be completed before the permit can be issued and construction can begin. Refer to the [SHOP Retrofit Process Summary](#) and [SHOP Owner Instructions](#) for additional step-by-step guidance on how to proceed.

1. The permit application and plans are prepared and submitted directly to SHOP in both paper and electronic format. Program staff performs preliminary review of application to confirm eligible activities.
2. *To determine the guaranteed reimbursable amount for construction at this stage*, obtain and submit at least 2 bids for construction to SHOP using the [Documentation of Design and Construction Bids](#) form. If owner is willing to proceed without confirmation, this step may be delayed until after plan check.

3. SHOP submits the application to the Planning and Building Department internally and Building Bureau staff contacts the applicant to follow up with plan check and permit fees.
4. SHOP submits the project concurrently by to FEMA for their required review.
5. Once FEMA approves the project and construction bids have been approved, SHOP notifies the owner and permit center. Once permit requirements are met, permit is issued and construction may begin.

1. Project Submission and SHOP Review

The design professional prepares and submits the following directly to SHOP for preliminary review:

- [SHOP Project Description](#): clearly describe the retrofit scope of work, any visible exterior changes that will result, and any concurrent non-retrofit activity planned for completion under a separate permit. The document is necessary for FEMA's review.
- [Permit Application](#): this is the standard permit application and will be submitted internally to the Planning and Building Department after preliminary SHOP approval.
- 3 paper sets of the plans and 2 paper sets of the structural calculations.

Because this submission process differs from a standard voluntary retrofit permit application, please refer to the [SHOP Owner's Instructions](#) for step-by-step guidance and contact the SHOP office directly with questions about how to proceed.

For general questions regarding the permitting process, call the City of Oakland Permit Center at 238-3443 or visit their website at <https://www.oaklandca.gov/topics/building-permits>.

2. Construction Bids and Contractor Selection

To determine the guaranteed reimbursable amount for construction, at least two bids based on the completed design must be acquired from contractors and submitted for approval with another [Documentation of Design or Construction Bids](#) form. The same guidelines described above for design bids also apply to construction. This step may be delayed until after the permit application is submitted and plan check is complete at the discretion of the owner and design firm, but all bids must be approved before the permit can be issued.

Construction bids must include all activities not included as design, including the costs of securing permits and approvals. The cost of special inspection(s), if required, shall be included as part of the reported construction bid, though the contractor may require the owner to engage a special inspector through a separate agreement.

As with design, all construction bidders must have an active license to practice in the state of California and be properly insured. Any services performed without a valid license are not

reimbursable. You may verify a contractor's license at <http://www.cslb.ca.gov>. *Expenses paid in cash and work completed by owner-builders are not eligible for SHOP reimbursement.*

Once construction bids have been obtained and submitted to SHOP, a maximum reimbursable amount of up to 75% of the cost of the selected bid will be determined based on specific building characteristics such as size and unit count. Once the owner has confirmed financing capacity and desire to proceed, the contractor should be retained and the agreement forwarded to SHOP.

3. Submission of the Permit Application

Once SHOP has confirmed that the design package is complete and the described scope of work is eligible for reimbursement, the permit application will be submitted internally to the Planning and Building Department. An initial planning review will be conducted before the project is routed to plan check staff. The permit applicant will be contacted regarding any outstanding items, including payment of the fee. *The permit may not be issued until construction bids have been approved by SHOP and the project has also been approved by FEMA.*

PLEASE NOTE:

If unsafe conditions are identified during the retrofit, corrections will be required in accordance with the Oakland Municipal Code. It is not the intent of the City to seek or to report existing non-conforming conditions unrelated to the seismic retrofit. However, if code violations or past improperly permitted work is identified, the City has the authority to require abatement and impose fees and/or penalties for failure to correct the violations within the time provided.

4. FEMA Environmental and Historical Preservation (EHP) Review

Once the initial planning review is completed, the project is forwarded to FEMA for EHP review while the permit center continues with plan check. The time necessary for this process will depend on the complexity of the project and resulting visual changes to the exterior. In some cases, more information and/or modifications to the design will be required. See the Design Preparation section above for more information.

If the project will result in visible exterior changes or is determined to have historical significance it may be subject to a more detailed review by the State Historic Preservation Office (SHPO), conducted independently from the permitting process. The permit application may be allowed to proceed at the same time for review by the Bureau of Building but the permit may not be issued until FEMA provides final project approval.

5. Notice of FEMA Design Approval and Permit Issuance

Once FEMA approves the project design and all construction bids have been submitted and approved, SHOP will issue a Notice of FEMA Design Approval that confirms eligible activities, maximum reimbursable costs, and deadlines for project completion. The Bureau of Building will receive a copy of this notice allowing them to issue the permit once their process is complete and all fees are paid. Construction may begin once the permit is issued. Due to the volume of retrofits that must be completed during the grant period, it is important that projects are completed promptly. Any extensions must be requested in writing to the SHOP office before the deadline has passed.

Once approved by FEMA, no changes to the approved scope of work are allowed without additional SHOP and FEMA review. Approval for design revisions must be requested with a revised SHOP Project Description form and documentation that clearly describes the new activities and any resulting visible exterior changes. This must be at the same level of detail as the original application and is subject to the same reviews as the original design package. If approved, SHOP will issue a revised notice. **Deviations from the approved scope of work may result in the entire project becoming ineligible for reimbursement.** Extensions to implement changes that are not necessary for reimbursable retrofit activities will only be allowed at the discretion of the SHOP office.

PHASE III: COMPLETION AND REIMBURSEMENT

As a project nears completion, the owner should register with the iSupplier system that will disburse funds in preparation for reimbursement and note their assigned ID number.² Once construction is complete and all active permits are final, the owner may submit a Request for Reimbursement along with copies of invoices and proof of payment for all design, construction, and permit costs. A final SHOP close-out inspection is required to verify that all changes to the property were documented and approved by FEMA. Availability for that inspection is requested on the form. The owner will be contacted to schedule that appointment and once the review is complete, SHOP will initiate reimbursement and disburse to the owner with a Project Close-Out Notification. This process is expected to take 30 – 60 days.

PLEASE NOTE: Reimbursement for costs that exceed the established reimbursement maximum must be justified and are subject to funding availability as approved by ESHP and confirmed in writing. If total documented project costs exceed the permit valuation, that valuation must be updated and any additional permit fees paid before submission of a Request for Reimbursement.

² Register for the iSupplier disbursement system here: <https://www.oaklandca.gov/services/register-with-isupplier>