



TEAM
KENTUCKY®

DEPARTMENT FOR
LOCAL GOVERNMENT

Developer CDBG-DR Training



Agenda

- Welcome
 - Travis Weber, Branch Manager
- Introductions:
 - Leslie Leager, ICF
 - Jennifer Siegel, ICF
 - Alex Phares, Fahe
- Slide Presentation
- Questions

Training Resources

- CDBG-DR subrecipient handbook, program policies, Action Plan, and all DR related resources

[CDBG-DR Subrecipient Manual - Kentucky Department for Local Government](#)

[Disaster Recovery Program - Kentucky Department for Local Government](#)



- Slide Handouts will be emailed to you



Contracting



Prime Contractor Requirements

- Signed contracts for Prime contractor and all subcontractors
 - DLG approval of contracts is NOT required
 - Federal procurement standards are NOT required

• Contracts MUST include:

- | | |
|--|---|
| <ul style="list-style-type: none"> ✓ Parties to the agreement ✓ Project location ✓ Scope of services ✓ Financial commitments ✓ Start and end dates ✓ Performance schedule and milestones ✓ Contract representatives | <ul style="list-style-type: none"> ✓ Conflict of interest ✓ Reporting requirements ✓ Suspension clause ✓ Payment schedule and contract cost ✓ Signature ✓ CDBG-DR General Conditions and any other General Conditions |
|--|---|

Resources:

- CDBG-DR Subrecipient Manual: Chapter 5 – Contracting: [CDBG-DR Subrecipient Manual - Kentucky Department for Local Government](https://dlg.ky.gov/DLG%20Documents/Contract%20Documents%20Guide%20%28Attachment%205-6%29.doc)
- SAMPLE Contract Document Guide: <https://dlg.ky.gov/layouts/download.aspx?SourceUrl=https://dlg.ky.gov/DLG%20Documents/Contract%20Documents%20Guide%20%28Attachment%205-6%29.doc>

Prime Contractor Requirements

- Contractor must have a full, bound copy of each executed subcontract, with the required CDBG-DR provisions, in its files for review by DLG.
 - All conditions must be contained within the contract document.
- The executed subcontract document must be on file **before** subcontractor pay requests can be processed.

Prime Contractor Requirements-Excluded Contractor Check

- Federally excluded contractors may not be funded with CDBG-DR funds
- The developer must check all subcontractors' names against the Exclusions List available at <https://sam.gov/content/exclusions>
 - Enter in the Entity Name or Unique Entity ID
 - Print the screen to show the contract is not excluded
 - Submit the documentation to DLG

The screenshot displays the SAM.GOV search interface. At the top, there's a navigation bar with links for Home, Search, Data Bank, Data Services, and Help. A search bar contains the text "e.g. 1606N020Q02". Below the search bar, there's a "Filter By" section with a "Keyword Search" tab selected. The "Keyword Search" section includes a "Simple Search" button and a "Search Editor" button. Under "Simple Search", there are three radio buttons: "Any Words", "All Words" (which is selected), and "Exact Phrase". Below these, there's a text input field with the example "e.g. 123456789, Smith Corp". Further down, there are several dropdown menus: "Classification", "Excluded Individual", "Excluded Entity", "Entity Name" (with the example "e.g. ABC Inc"), "Unique Entity ID" (with the example "e.g. HTYR9YJH6SL"), "CAGE / NCAGE" (with the example "Enter CAGE/NCAGE Code"), "Federal Organizations", and "Exclusion Type". On the right side of the interface, there's a "Set Your Search Criteria" section with a message: "Use the filters on the left to start your search".



Payment



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1. All CDBG-DR funds previously received
4. Funds disbursed (paid out)
6. Total cash on hand: must be zero! DLG expects draw funds to be promptly disbursed.

Activity Code: Leave Blank
Description: Enter line item category and category budget (Hard Construction Costs, Construction Interim Costs, Soft Costs, All Other Costs, Developer Fee)

1. Enter total CDBG-DR requested to date (current request + previous request)
2. Enter previous requests
3. CDBG-DR Current request is automatically calculated

Describe progress and back up documentation being submitted with request

C

Request for Payment Form

Required Attachments

- ✓ Signed pay application
- ✓ Each invoice to be paid.
 - Invoices must include name of CDBG-DR awardee, date of service, and specific detail of costs (employee hours, supplies, etc)
 - Invoices with a name other than awardee will be deducted from payment.
- ✓ Inspection Report
- ✓ Payment requests should be submitted at least monthly. (DLG will reach out if draws are not submitted on a timely basis)
- ✓ No developer fee will be paid until project completion.
- ✓ Change Orders when applicable
 - Must be submitted prior to work being completed
 - Clearly described and itemized
- ✓ Site Inspection Report
 - Either KHC or third-party inspector engaged by the lender
 - Confirms work completed and materials onsite



Reporting



Quarterly Reporting Requirements

- Quarterly reporting will be required to align with HUD reporting requirements.
- Reports will encompass activities that occurred within that reporting period (not cumulative):
 - Financial expenditures and budget
 - Project benefit profile by household
 - Tenant information (if applicable)
 - Unpaid obligations and unsettled third party claims
 - Housing unit address information
- Quarterly Reporting schedule:
 - Q1: Jul-Sept, due Oct 7
 - Q2: Oct-Dec, due Jan 7
 - Q3: Jan-Mar, due Apr 7
 - Q4: Apr-Jun, due Jul 7
- Send Quarterly Reports to DLG at dlg.dr@ky.gov

Project Status Reporting

- Project status descriptions should include:
 - **Overall Progress** – Summarize activities completed this month and note if the project is on schedule, ahead, or delayed (with explanation).
 - **Construction / Development** – Report units started, under construction, and completed; note key milestones and percent complete.
 - **Expenditures** – Explain any major cost variances.
 - **Households / Beneficiaries** – State the number of households served to date, including LMI households; report lease-up or closings if applicable.
 - **Compliance** – Confirm that Davis-Bacon, Section 3, Fair Housing, environmental, and procurement requirements are being met.
 - **Challenges / Issues** – Identify any problems affecting schedule, budget, or completion, and note actions taken to resolve them.
 - **Upcoming Activities** – Outline the major work planned for the next month and expected milestones.



Davis Bacon



Applicability

- new construction of residential property containing 8 or more units..
- “property” is not limited to a specific building. Property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels, which are commonly-owned and operated as one rental, cooperative or condominium project.
- Examples of 8+ unit properties may include:
 - 5 townhouse buildings side-by-side which consist of 2 units each.
 - 3 apartment buildings each consisting of 5 units and located on one tract of land.
 - 8 single-family houses located on contiguous lots.

Certified Payroll Reports - Contractor

- Use DOL payroll report WH-347 ([wh347.pdf](#))
- Contractors should submit payrolls to the developer weekly
 - Submit a payroll report to DLG when a new contractor or subcontractor starts
- Employees must be paid weekly
- Payroll Report requirements
 - List employees
 - Include proper work classification (and group number) from wage determination
 - List of benefits and hourly amounts
 - Employee statement authorizing deductions
 - Calculate and verify proper payment
 - Proper overtime rate for all hours over 40 in a week
- Restitution for underpayments
- Payroll report must be signed by Owner or Officer of the company. If not, a letter must also be in file signed by the owner authorizing the person to sign

Apprentice Documentation (if applicable)

- If any apprentices are working on site, proper documentation for each apprentice must be in the file.
 - Copy of registration form
 - Copies of the relevant pages from the approved apprenticeship program document to include:
 - Ratio of apprentices to journeyman
 - Pay scale to be paid to the apprentices
 - Fringe benefit payments (if silent on fringe benefits, full fringe benefit amount listed on wage determination must be paid)
 - Signatory page

Unique Situations & Resources

- Owners working with their crew
 - Listed on the payroll report with their workers and they can certify payroll report
- Self-Employed Owners:
 - Must be carried on the contractor they have their contract with (prime or sub)
- Resources:
- [Davis-Bacon and Labor Standards: Agency/Contractor Guide](#)
- [Davis-Bacon and Labor Standards: Contractor Guide Addendum](#)

Additional Classifications^{LL1}

- If a classification does not exist in the wage determination, you must request an additional classification
- Process:
 - Download form from: [4230A.pdf](#)
 - Fill out form
 - Send to Jennifer Peters jennifer.peters@ky.gov at DLG

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REPORT OF ADDITIONAL CLASSIFICATION AND RATE		HUD FORM 4230A <small>OMB Approval Number 2501-0011 (Exp. 03/12/2022)</small>
1. FROM (name and address of requesting agency)		2. PROJECT NAME AND NUMBER
		3. LOCATION OF PROJECT (City, County and State)
4. BRIEF DESCRIPTION OF PROJECT		5. CHARACTER OF CONSTRUCTION <input type="checkbox"/> Building <input type="checkbox"/> Residential <input type="checkbox"/> Heavy <input type="checkbox"/> Other (specify) <input type="checkbox"/> Highway
6. WAGE DECISION NO. (include modification number, if any)		7. WAGE DECISION EFFECTIVE DATE (LOCK-IN):
<input type="checkbox"/> COPY ATTACHED		
8. WORK CLASSIFICATION(S)		HOURLY WAGE RATES BASIC WAGE FRINGE BENEFIT(S) (if any)
9. PRIME CONTRACTOR (name, address)		9a. <input type="checkbox"/> Agree <input type="checkbox"/> Disagree
9b. SIGNATURE DATE		10. SUBCONTRACTOR/EMPLOYER, IF APPLICABLE (name, address)
Check All That Apply: <input type="checkbox"/> The work to be performed by the additional classification(s) is not performed by a classification in the applicable wage decision. <input type="checkbox"/> The proposed classification is utilized in the area by the construction industry. <input type="checkbox"/> The proposed wage rate(s), including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage decision. <input type="checkbox"/> The interested parties, including the employees or their authorized representatives, agree on the classification(s) and wage rate(s). <input type="checkbox"/> Supporting documentation attached, including applicable wage decision.		
Check One: <input type="checkbox"/> Approved, meets all criteria. DOL confirmation requested. <input type="checkbox"/> One or more classifications fail to meet all criteria. DOL decision requested.		
Agency Representative <small>(Typed name and signature)</small>		FOR HUD USE ONLY LR2000: Log in: Log out:
Date		
Phone Number		

HEB-4230A (5-10) PREVIOUS EDITION IS OBSOLETE

Slide 19

LL1 Travis to send an example of additional classifications that have been requested.
Leager, Leslie, 2025-10-07T19:13:37.057

Common Errors

Common Errors	Description	Action
Inadequate payroll information	Alternate payroll form does not include all the necessary information on the WH-347	The employer will be asked to resubmit the payrolls on an acceptable form
Missing identification numbers	Employee's individual identifying number is not included on the payroll report	This information can be reported on the next payroll submitted by the employer
Incomplete payrolls	Payroll report is missing information, for example, classification, rate of pay	The employer will be asked to send a correction certified payroll.
Classifications	Classification listed on payroll report that does not appear on wage determination	The employer will be asked to reclassify the employees in accordance with the wage decision, or the employer may request an additional classification

Common Errors

Common Errors	Description	Action
Apprentices and trainees	Supporting documentation for each apprentice is missing	The employer will be asked to submit a copy of each apprentice's or trainee's registration and/or the approved program ratio and wage schedule
Overtime	Employee is not compensated at least time and one-half for OT hours worked on the project	The employer will be asked to pay wage restitution for all O/T hours worked on the project
Computations	Amounts stated on payroll report are incorrect based on hours worked and rate of pay.	Wage restitution may be required if underpayments resulted from the errors.
Deductions	Other deductions are listed but not identified and/or employee authorization for deduction is not provided	The employer will be asked to identify the deductions, provide employee authorization, or explain unusual deductions, as necessary

Common Errors

Common Errors	Description	Action
Signature	Payroll Statement of Compliance is missing or not signed, OR is signed by an individual who is not a principal of the firm	The employer will be asked to submit a signed Statement of Compliance for each payroll affected
On-site interview comparisons	Comparison of interview forms to payroll reports indicate discrepancies	The employer will be asked to submit a correction CPR
Fringe benefits	Payroll form does not indicate how fringe benefits are paid	The employer may be asked to submit correction certified payrolls and will be required to pay wage restitution if underpayments occurred.
Wage rates	Wage amount stated on payroll report is less than amount listed on wage determination	The employer will be asked to pay wage restitution to all affected employees



Section 3



Section 3 Overview



“To ensure that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”



Section 3 Overview Cont.



Applicability

- Housing construction
- Housing rehabilitation
- Other public construction
- Requirements apply to developers, prime contractor(s) and flow down to all subcontractors

Threshold

- Threshold is met if the total amount of assistance exceeds \$200,000
- Contracts >\$100,000
- Threshold review is applied per project not per program

Benchmarks

- 25% or more of all labor hours must be worked by Section 3 Workers
- 5% or more of all labor hours must be worked by Targeted Section 3 Workers

Definitions



Section 3 Worker

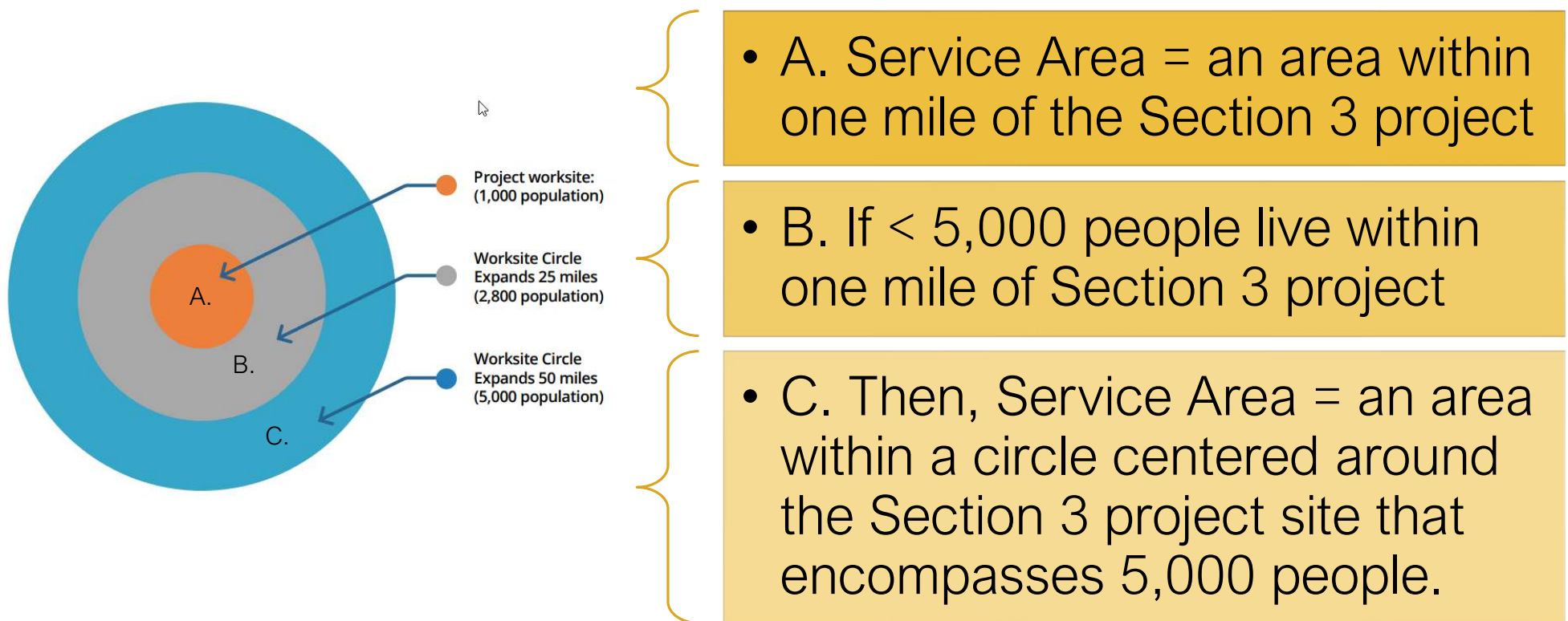
- A Section 3 Worker is any worker who **currently fits**, or **when hired within the past five years** fit, at least one of the following categories, as documented:
 - A low or very low-income worker (**at or below 80% AMI**)
 - Employed by a Section 3 business concern
 - A Youthbuild participant

Targeted Section 3 Worker

- A Targeted Section 3 Worker is:
 - Employed by a Section 3 business concern
 - Currently fits or when hired fit at least one of the following categories as documented within the past five years:
 - Living within the service area of the project
 - A Youthbuild participant

Section 3 Business Concern

- A Section 3 Business is:
 - 51% or more owned and controlled by low or very-low income persons
 - Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers
 - 51% or more owned and controlled by current residents of public housing or Section 8-assisted housing



Developer Roles and Responsibilities



- **Regulatory Compliance:** Attempt- *to the greatest extent feasible-* to follow the guidelines detailed in 24 CFR 75 and maintain appropriate records.
- **Reporting:** Submit Quarterly Reports.
- **Outreach:** Qualitative efforts to promote Section 3-related employment opportunities.

Business Concern Certification Form



- All developers, including their contractors/subcontractors, should submit this form at the beginning of the project.
- Businesses that qualify as a Section 3 Business Concern must resubmit every 6 months to recertify.



Section 3 Business Concern Certification Form

Instructions: Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

Business Information

Name of Business _____

Address of Business _____

Name of Business Owner _____

Phone Number of Business Owner _____

Email Address of Business Owner _____

Preferred Contact Information

☐ Same as above

Name of Preferred Contact _____

Phone Number of Preferred Contact _____

Type of Business (select from the following options):

☐ Corporation ☐ Partnership ☐ Sole Proprietorship ☐ Joint Venture

Select from ONE of the following options below that applies:

☐ At least 51 percent of the business is owned and controlled by low- or very low-income persons.

☐ At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

☐ Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.

☐ None of the above criteria applies to this business.

Page 1 of 2

Business Concern Certification Form



- Be sure to sign the form on p. 2
- Leave the “For Administrative Use Only” box blank

Business Concern Affirmation

I affirm that the above statements (on the frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to the Commonwealth of Kentucky may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: _____

Signature: _____ Date: _____

*Certification expires within six months of the date of signature

Information regarding Section 3 Business Concerns can be found at [24.CFR.75.5](#)

FOR ADMINISTRATIVE USE ONLY

Is the business a Section 3 business concern based upon their certification? ☐ YES ☐ NO

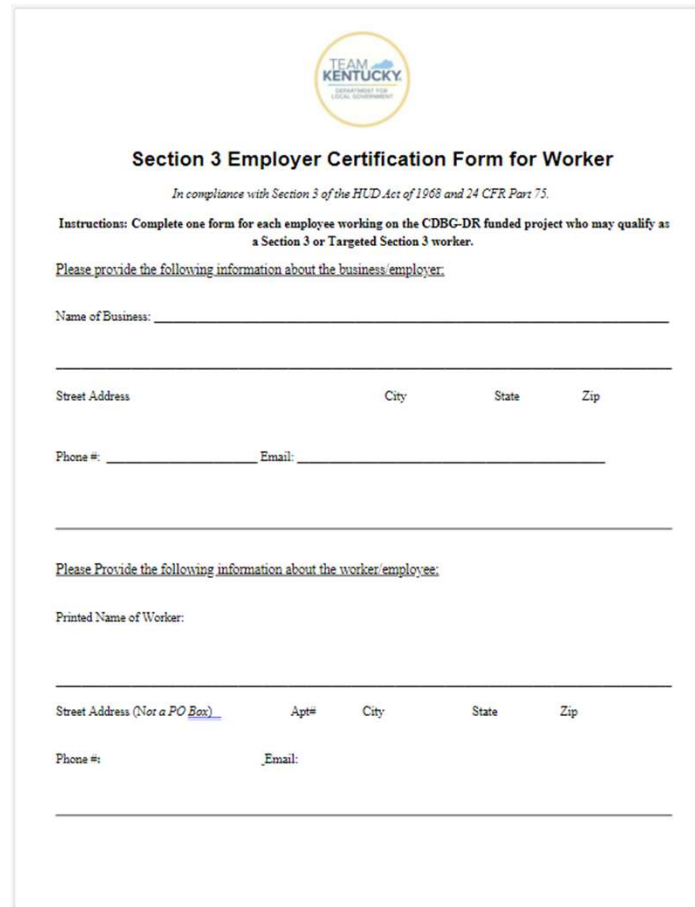
EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.

Page 2 of 2

Employer Certification Form for Worker



- Complete one form per worker
- Fill in contact information for worker
 - Use the NEPAssist tool to see if they live in the service area and can qualify as a Targeted Section 3 Worker
- Keep this form on file in case of audit or desk review, but be sure to keep Personally Identifiable Information (PII) secure



The form is titled "Section 3 Employer Certification Form for Worker" and includes the TEAM KENTUCKY logo. It contains instructions and two main sections for providing information about the business/employer and the worker/employee. Each section includes fields for Name of Business, Street Address, City, State, Zip, Phone #, and Email.

Section 3 Employer Certification Form for Worker

In compliance with Section 3 of the HUD Act of 1968 and 24 CFR Part 75.

Instructions: Complete one form for each employee working on the CDBG-DR funded project who may qualify as a Section 3 or Targeted Section 3 worker.

Please provide the following information about the business/employer:

Name of Business: _____

Street Address _____ City _____ State _____ Zip _____

Phone #: _____ Email: _____

Please Provide the following information about the worker/employee:

Printed Name of Worker: _____

Street Address (Not a PO Box) _____ Apt# _____ City _____ State _____ Zip _____

Phone #: _____ Email: _____

Employer Certification Form for Worker



- Find income limits at: [Income Limits | HUD USER](#)

Please indicate which of the following is true for the worker listed in this form: (Select all that apply)

<input type="checkbox"/> Worker's income from your employment is below the income limit based on a calculation of what the worker's wage rate would translate to if annualized on a full-time basis*	Knott County, KY 2024 Income limit: \$36,750
<input type="checkbox"/> Worker is employed by a Section 3 Business Concern (Select if your business qualifies as a Section 3 Business Concern)	
<input type="checkbox"/> Worker's residence is within the service area or neighborhood of the project (see provided service area map)	

*Currently or at the time of hire if hired within the past 5 years.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct and certifies that the worker identified above meets the definition of a Section 3 worker. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012; 31 U.S.C. §3729, 3802)

Signature _____

Date _____

Quarterly Report



- Quarterly Reporting schedule:
 - Q1: Jul-Sept, due Oct 7
 - Q2: Oct-Dec, due Jan 7
 - Q3: Jan-Mar, due Apr 7
 - Q4: Apr-Jun, due Jul 7
- Send Quarterly Reports to DLG at dlg.dr@ky.gov



Section 3 Quarterly Report

Report Submission Date	
Vendor Name	
State Licensure #	
Contract #	
Reporting Period	
Contact Name and Title	
Telephone	
Email	

Part I: Section 3 Business Qualification:

Does your business qualify as a Section 3 Business?

☐ Yes ☐ No

If you qualify as a Section 3 Business, all labor hours performed will qualify as Section 3 and Targeted Section 3 Worker hours for reporting in Part III.

Part II: Labor Hour Benchmarks (25% and 5% goal)

Total Labor Hours on the Project for ALL Workers (includes existing and new hires who worked on the project)	Labor Hours Worked on the Project by Section 3 Workers (25% goal) (includes existing and new hires who worked on the project)	Labor Hours Worked on the Project by Targeted Section 3 Workers (5% goal) (includes existing and new hires who worked on the project)

REQUIRED: Attach documents supporting the labor hours reported in this section and check the applicable box below:

Page 1 of 3

Quarterly Report



- Be sure to fill in Qualitative Efforts section
- If you do not meet your numerical goals, your qualitative efforts can still help you achieve compliance

☐ I certify that Section 3 Worker Hours and Targeted Section 3 Worker hours were calculated based on employer's payroll records and/or were determined based on good faith assessment of the labor hours of a full time or part time employee informed by existing salary or time and attendance-based payroll systems. Due to privacy concerns we are unable to provide individual employee records. Labor hours provided herein are true and accurate based on our records.

Part III: QUALITATIVE EFFORTS (24 CFR Part 75.15)

Vendors must report on the qualitative nature of their Section 3 compliance activities and those of its subcontractors (if any). Such qualitative efforts pursuant to 24 CFR Part 75.15 may include but are not limited to the following (check all that apply):

- ☐ Engaged in outreach efforts to generate job applicants who are Targeted Section 3 Workers
- ☐ Contacted agencies administering YouthBuild Programs
- ☐ Consulted with state and local agencies administering training programs
- ☐ Held job fairs
- ☐ Provided or connected Section 3 Workers and Targeted Section 3 Workers with assistance in seeking employment
- ☐ Provided or referred Section 3 Workers to services supporting work readiness and retention
- ☐ Assisted Section 3 Workers to obtain financial literacy training and/or coaching
- ☐ Engaged in outreach efforts to identify and secure bids from Section 3 Business Concerns
- ☐ Provided technical assistance to help Section 3 Business Concerns understand and bid on contracts
- ☐ Divided contracts into smaller jobs to facilitate participation by Section 3 Business Concerns
- ☐ Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 Business Concerns
- ☐ Promoted use of Section 3 Business Registries designed to create opportunities for disadvantaged and small businesses
- ☐ Other (describe below):

Quarterly Report



- Write any additional qualitative efforts or relevant information in the “Other” text box. For example:
 - Outreach efforts that are not included in the list
 - Information about the project status (construction not started, construction complete and no activity to report)

Part IV: NOTES AND COMMENTS

(State efforts made to satisfy the labor hour benchmarks per above noted qualitative efforts, list challenges and achievements, attach support documents)

By signing below, I hereby certify and declare under penalty of perjury under the laws of the United States and the Commonwealth of Kentucky that the information provided on this form, as well as all documentation provided in support thereof, are true and correct, and that I am authorized on behalf of the Company to make this certification. Furthermore, I certify that I will maintain this documentation for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200. I will make this record available to DLG, KYTC, and/or HUD upon request.

Signature Name Date

- Example of calculating labor hours:

Section 3 Worker Benchmark

$$\frac{\text{Section 3 Labor Hours } 520}{\text{Total Labor Hours } 2,000} = 26\%$$

Targeted Section 3 Worker Benchmark

$$\frac{\text{Targeted Section 3 Labor Hours } 200}{\text{Total Labor Hours } 2,000} = 10\%$$



Resilient Building Standards



Mitigation Building Practices

- To further the goals of resilience and mitigation, HUD adopted requirements for housing rehabilitation and new construction
- The requirements work to blend cost effective construction with long-term reliability
- They include both construction techniques and materials
- Energy efficiency remains at the core of the green building strategy



Resilient Building Standards



Industry recognized standards for grantees to choose:

- Enterprise Green Communities
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
- ICC-700 National Green Building Standard or National Green Building Standard Green+Resilience
- Living Building Challenge

Energy efficiency standards

- Additionally, all such covered construction must achieve a minimum energy efficiency standard:
 - ENERGY STAR (Certified Homes or Multifamily High-Rise);
 - DOE Zero Energy Ready Home; or EarthCraft House, EarthCraft Multifamily;
 - Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US, International Passive House Association;
 - Greenpoint Rated New Home, Greenpoint Rated Existing Home;
 - Earth Advantage New Homes



Enterprise Green Communities

Targets buildings and neighborhoods which provide affordable housing. The rating system is points based as well as containing mandatory items. Site condition requirements regarding services may be problematic in areas where municipal services are lacking, or where transit services are sparse. Applying the scoring checklist against code and common program building practices shows that while the mandatory items may be difficult to meet, the scoring itself is generous and can easily exceed the 40-point minimum.



Enterprise Green Communities

Enterprise Green Communities

Description	Developed to combine the expertise of leading housing and green building practitioners into a clear, cost-effective framework for all affordable housing development types	
Building Type(s)	Multi-family and single-family projects	
Project Type	New Construction, Substantial Rehab, Moderate Rehab	
Energy Efficiency Standards	Mandatory for New Construction: <i>Energy Star</i> Near Zero Certification- <i>DOE ZERH</i> and/or <i>PHI Classic</i> or <i>PHIUS</i>	
Timing	Pre and Post Construction	
Subject Areas	<ul style="list-style-type: none"> • Integrative Design • Location + Neighborhood Fabric • Site Improvements • Water Conservation 	<ul style="list-style-type: none"> • Operating Energy • Resilient Materials • Healthy Living Environment • Operations, Maintenance, and Resident Engagement

LEED



A design tool rather than a performance-measurement tool and focuses on energy modeling rather than actual energy consumption. The rating system is points based as well as containing mandatory items. LEED's "Certified" level is a hybrid approach similar to that of ICC-700's "Certified Compliance Path" with a minimum user-selected score of 40. Using this checklist, anticipated program standards and building practices yield a score of 33, leaving additional requirement selections to be made.

LEED

LEED

Description	A series of rating systems aimed at increasing the environmental and health performance of building' sites and structures and of neighborhoods.	
Building Type(s)	Commercial, Industrial, Mixed Use, and Residential	
Project Type	New Construction, Existing Buildings, and Additions	
Energy Efficiency Standards	Energy Star	
Timing	Pre and Post Construction	
Subject Areas	<ul style="list-style-type: none"> • Location and Transportation • Sustainable Sites • Water Efficiency • Energy and Atmosphere 	<ul style="list-style-type: none"> • Materials and Resources • Indoor Environmental Quality • Innovation • Regional Priority

ICC-700 National Green Building Standard

It is essentially an alternative code level. The certification is score based with different levels of achievement or one can adopt the alternative checklist, or “Certified Compliance Path”, that is not score based. Most of the requirements included in this “Compliance Path” are relatively easy to achieve.



ICC-700 National Green Building Standard

ICC-700 National Green Building Standard or National Green Building Standard Green + Resilience

Description	A rating and certification system that aims to encourage increased environmental and health performance in residences and residential portions of buildings.	
Building Type(s)	Multi-family & Mixed-use Buildings, Single-Family, and Existing Buildings	
Project Type	New Construction, Remodeling and renovation projects, Residential Developments, and Mixed-use Buildings	
Energy Efficiency Standards	Mandatory for New Construction: <i>Energy Star</i> Near Zero Certification- <i>DOE ZERH</i> and/or <i>PHI Classic</i> or <i>PHIUS</i>	
Timing	After framing before drywall and after construction is complete	
Subject Areas	<ul style="list-style-type: none"> • Lot Design and Development • Resource Efficiency • Energy Efficiency 	<ul style="list-style-type: none"> • Water Efficiency • Indoor Environmental Quality • Homeowner Operation and Maintenance

Compliance

Each Standard has mandatory and non-mandatory components

Mandatory Components	ICC-700 National Green Building Standard	Enterprise Green Communities	LEED	Living Building Challenge
Site Selection Requirements		X		
Envelope Inspection	X	X		
Blower Door Testing	X	X	X	
Broadband Service Availability		X		
Kitchen Exhaust Fully Ducted	X	X	X	
Duct Testing	X	X	X	
Zone 1 Radon System	X	X	X	
Alternative Compliance Method	X			

Compliance

- Choose the Standard
- Fill out attachment 11-1 Project Standards Selection Form
- Submit to DLG
- Document in the project file

**Form 11-1 CDBG-DR
Green and Resilient Building Standards Selection**

CDBG-DR funding allocated to the Commonwealth of Kentucky must follow the Green and Resilient Building Standards when carrying out activities to construct, reconstruct, or rehabilitate residential structures with CDBG-DR funds as part of activities eligible under 42 U.S.C. 5305(a). This applies to all new construction and reconstruction (i.e., demolishing a housing unit and rebuilding it on the same lot in substantially the same manner) of residential buildings and all rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls.

Program policy and guidelines should be consulted prior to selecting from the categories below. While the Federal Register notice details the ability for the recipient to make a selection from each of the two categories, Program policy and guidelines may dictate which options are explicitly required. Additionally, each project file must identify which of these Green and Resilient Building Standards will be used, however it is not required to use the same standards for each project or building.

Note: DLG approval is required if deviating from a requirement specified in Program policy and guidelines or when selecting the 'other equivalent' option(s).

Industry-Recognized Certification (Select One):

- ☐ LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development)
- ☐ Enterprise Green Communities
- ☐ ICC-700 National Green Building Standard Green+ Resilience
- ☐ Living Building Challenge
- ☐ Any other equivalent comprehensive green building program acceptable to HUD (Describe the equivalent below)

Energy Efficiency Standard (Select One):

- ☐ ENERGY STAR (Certified Homes or Multifamily High-Rise)
- ☐ DOE Zero Energy Ready Home
- ☐ EarthCraft House, EarthCraft Multifamily
- ☐ Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS)
- ☐ International Passive House Association
- ☐ Greenpoint Rated New Home, Greenpoint Rated Existing Home (WholeHouse or Whole Building label)
- ☐ Earth Advantage New Homes
- ☐ any other equivalent energy efficiency standard acceptable to HUD (Describe the equivalent below)

Requestor Printed Name	Title
Requestor Signature	Date
DLG Approver Name	Title
DLG Approver Signature	Date

Compliance

Award

- The Green Building and Energy Efficiency requirements are acknowledged by submitting selection certification with their evidentiary material. The DLG project manager will request the form 11-1 for New Construction, Reconstruction, & Substantial Rehabilitation. Your project manager will also assist you in understanding the requirements and additional documentation needed.

Housing Policy

- As discussed in this chapter, depending on the housing program different requirements will be met in terms of green and resilient building requirements. Interim monitoring and compliance will be listed in the individual housing policy.

Project Close-out

- At the completion of the project, as part of the required forms for close-out a final verification that green building requirements have been achieved per the program policy will be submitted to DLG. The project file needs to contain the final completed checklist for the applicable standard(s). Should an instance arise in which the project may be at risk of running afoul of the requirements, contact DLG for further guidance.

Resource Links: Energy Efficient Standards

- ENERGY STAR (Certified Homes or Multifamily High-Rise). Program and compliance information can be found here:
https://www.energystar.gov/sites/default/files/asset/document/ES%20Certified%20Homes%20QA%20Checklist_Rev%2012.pdf
- DOE Zero Energy Ready Home. Program and compliance information can be found here:
<https://www.energy.gov/eere/buildings/doe-zero-energy-ready-home-zero-program-requirements>
- EarthCraft House, EarthCraft Multifamily. Program and compliance information can be found here:
<https://earthcraft.org/resources/>
- Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association. Program and compliance information can be found here: <https://www.phius.org/resources/tools-and-support/certification-support>
- Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label). Program and compliance information can be found here: <https://www.builditgreen.org/greenpoint-rated/documents-checklists>
- Earth Advantage New Homes, <https://www.earthadvantage.org/resources/new-homes.html>
- *Or any other equivalent energy efficiency standard acceptable to HUD.*

Resource Links – Building Standards

- Enterprise Green Communities. Program and compliance information can be found here: <https://www.greencommunitiesonline.org/checklist>
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development). Program and compliance information can be found here: <https://www.usgbc.org/resources?LEED+Resources=%5B%22Checklists%22%5D>
- ICC–700 National Green Building Standard or National Green Building Standard Green+Resilience. Program and compliance information can be found here: <https://www.iccsafe.org/building-safety-journal/bsj-hits/2020-national-green-building-standard-now-available-for-free-download/>
- Living Building Challenge. Program and compliance information can be found here: <https://living-future.org/lbc/resources/>
- *Or any other equivalent comprehensive green building program. DLG would need to pre-approve the standard.*
- CPD-Green-Building-Retrofit-Checklist (for non-substantial rehabilitation): checklist can be found here: <https://www.hud.gov/sites/dfiles/CPD/documents/CPD-Green-Building-Retrofit-Checklist.pdf>



Inspections



Inspection Requirements

Multifamily

- Multifamily properties with a construction loan may submit the lender's inspection report with each draw request. Report must include:
 - ✓ **Progress Updates:** Details on completed work, milestones achieved, and current construction status.
 - ✓ **Draw Request Review:** Verification of costs incurred, lien waivers, and alignment with the approved budget.
 - ✓ **Site Inspection Findings:** Third-party or lender-conducted inspections to confirm physical progress and quality.
 - ✓ **Risk Assessment:** Identification of delays, cost overruns, or compliance issues.
 - ✓ **Funding Summary:** Overview of disbursed funds, remaining budget, and sources/uses of capital.
 - ✓ **Compliance Checks:** Ensures adherence to affordability requirements, environmental standards, and other regulatory obligations.

Single Family

- Kentucky Housing Corporation will conduct inspections for single family new construction at the following milestones:
 - ✓ **Footing:** After excavation of footings and before footing concrete is poured
 - ✓ **Interim:** Any time between completion of wall insulation and hanging of drywall.
 - ✓ **Completion:** 100% complete including landscaping and site work and before move-in
- DLG reserves the right to require additional inspections if needed to verify timeliness or adherence to construction standards.



Duplication of Benefits Overview



Duplication of Benefits Overview

- Duplication of Benefits (DOB)
 - Post-disaster, communities may receive recovery assistance from various funding sources.
 - With all the activity happening, it can get complicated to track how every dollar is utilized.
 - How do ensure that all funding is used appropriately? All costs are covered? That separate funding are not covering the same dollar of cost?
 - For HUD, they do not want to cover the same cost if another source, like FEMA, is covering the same source.
 - Similar to accounting principles where expenses match revenue, we want to ensure that total recovery costs match total recovery assistance provided.
 - Federal regulations define policies and procedures on how to handle DOB to ensure that fraud and waste are not part of the recovery process.

DOB Framework

- **Assess Applicant Need**
- Identify Total Assistance Available
- Exclude Non-Duplicative Assistance
- Identify the DOB Amount & Calculate Total Award (including Program Cap)
- Reassess Unmet Need When Necessary

Determine an applicant's current total need which is calculated based on need estimates at a point in time. Total need will be calculated without regard to the program-specific caps on the amount of assistance. Need can be based on construction cost estimates or determined by parameters of the program.

DOB Framework

- Assess Applicant Need
- **Identify Total Assistance Available**
- Exclude Non-Duplicative Assistance
- Identify the DOB Amount & Calculate Total Award (including Program Cap)
- Reassess Unmet Need When Necessary

Identify “total assistance” which includes all reasonably identifiable financial assistance available to an applicant. Total assistance includes resources such as cash awards, insurance proceeds, grants (federal, state, or local), or subsidized loans (not private, cancelled, or declined).

Assistance is available if funds are awarded, an applicant has access to the funding as part of recovery, and has legal right to the funds.

DOB Framework

- Assess Applicant Need
- **Identify Total Assistance Available**
- Exclude Non-Duplicative Assistance
- Identify the DOB Amount & Calculate Total Award (including Program Cap)
- Reassess Unmet Need When Necessary

EXAMPLES

FEMA: documented by letter from FEMA and/or data provided by FEMA

Insurance: documented by letter from insurance company and/or data if available

SBA: documented by letter from SBA and/or data provided by the SBA

Other Sources: such as CDBG/HOME, local/state government funds, private/nonprofit relief assistance, in-kind services, and housing trust funds.

DOB Framework

- Assess Applicant Need
- Identify Total Assistance Available
- **Exclude Non-Duplicative Assistance**
- Identify the DOB Amount & Calculate Total Award (including Program Cap)
- Reassess Unmet Need When Necessary

Exclude amounts that are provided for a different purpose or provided for the same purpose (eligible activity), but for a different, allowable use (cost).

DOB Framework

- Assess Applicant Need
- Identify Total Assistance Available
- Exclude Non-Duplicative Assistance
- **Identify the DOB Amount & Calculate Total Award (including Program Cap)**
- Reassess Unmet Need When Necessary

DOB is calculated by subtracting non-duplicative exclusions from total assistance.

To calculate the total maximum amount of the CDBG–DR award, subtract the amount of the DOB from the amount of the total need to determine the maximum amount of the CDBG–DR award.

The program cap will can reduce the potential CDBG–DR assistance available to the applicant.

DOB Framework

- Assess Applicant Need
- Identify Total Assistance Available
- Exclude Non-Duplicative Assistance
- Identify the DOB Amount & Calculate Total Award (including Program Cap)
- **Reassess Unmet Need When Necessary**

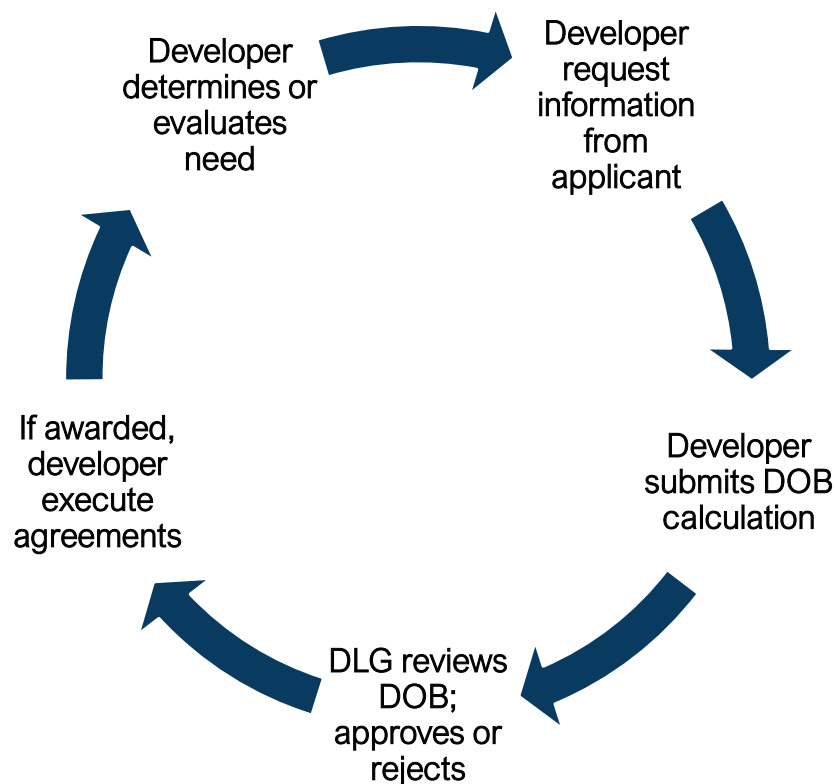
As the grant progresses, needs may change with changing circumstances (e.g., applicant received more funds from other sources or increased construction costs).

Best practice is to regularly evaluate needs and ensure available funds are able to address the complete recovery.

DOB Framework

- Avoiding DOB issues:
 - Understand what is the project's total unmet need
 - Identify all sources of funds received for the disaster recovery activity
 - Determine the remaining gap not covered by any other funding source
 - Contact DLG for questions on more complex situations

DOB Policy and Procedures



The DOB review will be completed by the developer and verified by DLG.

Developers will be required to coordinate with each program applicant to fill out and certify DOB forms for every household assisted.

DOB Policy and Procedures

- CDBG-DR Subrecipient Manual
 - Policies cover how to prevent DOB, ensure CDBG-DR awards are necessary and reasonable, how to monitor compliance, and how funds will be recaptured if a DOB occurs.
 - Refer to Chapter 10 of the manual, which includes the following attachments:
 - Program-specific DOB calculation worksheets
 - DOB program workflows
 - DOB policy form
 - Award letter templates
 - Attestation form
 - Non-supplanting form
 - Subrogation Agreement template

DOB Policy and Procedures

Program-specific DOB calculation worksheets

- DLG has developed several DOB worksheets to help applicants complete a DOB analysis.
- The DOB worksheet is program-specific and follows the steps outlined in HUD's DOB framework.

Kentucky Department For Local Government				
Community Development Block Grant Disaster Recovery (CDBG-DR)				
DOB Checklist & Certification				
Applicant ID:	Name of Applicant:			
Applicant Name:				
Co-Applicant Name:				
Damaged Property Address:				
CDBG-DR Program:	Owner-Occupied Rehabilitation and Reconstruction			
Status of Form:	<input checked="" type="checkbox"/> Preliminary Review <input type="checkbox"/> Final DOB Review			
<p>This checklist explains how the Owner-Occupied Rehabilitation and Reconstruction calculated the Duplication of Benefits (DOB) and the maximum amount of CDBG-DR assistance you may be eligible to receive for the repair or reconstruction of your home. To be eligible for repair or reconstruction of your home, the program will determine the amount(s) of disaster recovery cash assistance and insurance funds that you received for home repair or replacement from sources such as the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), insurance and other sources. The program will then determine if these funds were used as intended to repair your home.</p>				
Step 1: Identify Applicant's Total Need Calculated				
TOTAL APPLICANT NEEDS ESTIMATED	\$ 300,000.00			
Step 2: Identify Total Assistance Available and Amounts to Exclude as Non-Duplicative				
<p>The total assistance includes all reasonably identifiable financial assistance available to an applicant (identified funds as part of the recovery process, has received the assistance and has legal control over it, or has assistance but managed by another entity). Any assistance provided for a different purpose or allowable cost than the CDBG-DR eligible activity, must be excluded from total assistance. The sources of funding can be used for activities such as housing repairs, housing repair and reconstruction, loss of contents, debris removal, temporary relocation, transportation, medical and dental assistance, repair/replacement of essential household items, and other miscellaneous needs.</p>				
Types of Assistance Available or Received	Documented?	Exclude?	Amount	How was funding used? What Purpose?
FEMA Individual Assistance			\$ 5,000.00	
FEMA Individual Assistance Temporary Housing Benefits and Other Needs Assistance (ONA)	Yes	No	\$ 5,000.00	
FEMA Individual Assistance Repair, Replacement, Replacement Housing Construction Benefits			\$ -	
SBA Disaster Loans:			\$ -	
SBA Personal Disaster Loan Benefits			\$ -	
Insurance Benefits:			\$ -	
Homeowner's Insurance Structural Loss Benefits			\$ -	
Flood Insurance (NFIP) Building Loss Benefits			\$ -	
NFIP Increased Cost of Compliance (ICC) Benefits			\$ -	
Windstorm Insurance Building Loss Benefits			\$ -	
Other Housing Assistance:			\$ -	
USDA Emergency Loan Program (ELP) Funds Intended for Home Repair, Elevation, or Replacement			\$ -	
Self-Declared Philanthropic Cash Assistance Benefits for Construction or Temporary Housing			\$ -	
TOTAL DUPLICATIVE DISASTER ASSISTANCE RECEIVED			\$ 5,000.00	
Confirmed Repairs			\$ -	
REMAINING DUPLICATIVE AMOUNT (due for escrow)			\$ 5,000.00	
Step 3: Calculate Maximum CDBG-DR Award				
Applicant's Total Development Costs			\$ 300,000.00	
Confirmed Duplicative Assistance for Completed Repairs			\$ -	
Estimated Need Remaining:			\$ 300,000.00	
Program Cap (if applicable, set by program guidelines):			\$ -	
FINAL CDBG-DR AWARD:			\$ 295,000.00	
(Program Cap = Final Award if Maximum Award is Greater than the Program Cap)			\$ 5,000.00	
Required escrow amount:			\$ 5,000.00	
Certification of Review				
<p>Under penalties of perjury, I/we certify that the information presented in this document is true and accurate to the best of my knowledge and belief. I/we further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Additionally, if I/we receive future funding for the same purpose of the CDBG-DR funds, I/we will agree to repay the assistance that was duplicated.</p>				
Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.				
Printed Name of Applicant:			Date:	
Signature of Applicant:			Date:	
Printed Name of Co-Applicant:			Date:	
Signature of Co-Applicant:			Date:	
Printed Name of DOB Reviewer:			Date:	
Signature of DOB Reviewer:				
Duplication of Benefits (DOB) Calculation Form				Version date of March 2023

DOB Policy and Procedures

Program-specific DOB calculation worksheets

- Housing applicants will be required to provide insurance provider contact information, policy coverage information and ID, claims information and amounts received and approved for all potentially duplicative sources.
- Developers will collect information on potentially duplicative funding sources and develop a source and uses table to demonstrate how much funding is available and what each funding source would pay from a project's scope of work.

Kentucky Department For Local Government Community Development Block Grant Disaster Recovery (CDBG-DR) DOB Checklist & Certification				
Applicant ID:	Name of Applicant			
Applicant Name:				
Co-Applicant Name:				
Damaged Property Address:				
CDBG-DR Program:	Owner-Occupied Rehabilitation and Reconstruction			
Status of Form:	<input checked="" type="checkbox"/> Preliminary Review <input type="checkbox"/> Final DOB Review			
<p>This checklist explains how the Owner-Occupied Rehabilitation and Reconstruction calculated the Duplication of Benefits (DOB) and the maximum amount of CDBG-DR assistance you may be eligible to receive for the repair or reconstruction of your home. To be eligible for repair or reconstruction of your home, the program will determine the amount(s) of disaster recovery cash assistance and insurance funds that you received for home repair or replacement from sources such as the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), insurance and other sources. The program will then determine if these funds were used as intended to repair your home.</p>				
Step 1: Identify Applicant's Total Need Calculated				
TOTAL APPLICANT NEEDS ESTIMATED	\$ 300,000.00			
Step 2: Identify Total Assistance Available and Amounts to Exclude as Non-Duplicative				
<p>The total assistance includes all reasonably identifiable financial assistance available to an applicant (identified funds as part of the recovery process, has received the assistance and has legal control over it, or has assistance but managed by another entity). Any assistance provided for a different purpose or a lowable cost than the CDBG-DR eligible activity, must be excluded from total assistance. The sources of funding can be used for activities such as housing repairs, housing repair and reconstruction, loss of contents, debris removal, temporary relocation, transportation, medical and dental assistance, repair/replacement of essential household items, and other miscellaneous needs.</p>				
Types of Assistance Available or Received	Documented?	Exclude?	Amount	How was funding used? What Purpose?
FEMA Individual Assistance:			\$ 5,000.00	
FEMA Individual Assistance Temporary Housing Benefits and Other Needs Assistance (OHA)	Yes	No	\$ 5,000.00	
FEMA Individual Assistance Repair, Replacement, Replacement Housing Construction Benefits			\$ -	
SBA Disaster Loans:			\$ -	
SBA Personal Disaster Loan Benefits			\$ -	
Insurance Benefits:			\$ -	
Homeowner's Insurance Structural Loss Benefits			\$ -	
Flood Insurance (NFIP) Building Loss Benefits			\$ -	
NFIP Increased Cost of Compliance (ICC) Benefits			\$ -	
Windstorm Insurance Building Loss Benefits			\$ -	
Other Housing Assistance:			\$ -	
USDA Emergency Loan Program (ELP) Funds Intended for Home Repair, Elevation, or Replacement			\$ -	
Self-Declared Philanthropic Cash Assistance Benefits for Construction or Temporary Housing			\$ -	
TOTAL DUPLICATIVE DISASTER ASSISTANCE RECEIVED			\$ 5,000.00	
Confirmed Repairs			\$ -	
REMAINING DUPLICATIVE AMOUNT (due for escrow)			\$ 5,000.00	
Step 3: Calculate Maximum CDBG-DR Award				
Applicant's Total Development Costs:			\$ 300,000.00	
Confirmed Duplicative Assistance for Completed Repairs:			\$ -	
Estimated Need Remaining:			\$ 300,000.00	
Program Cap (if applicable, set by program guidelines):			\$ -	
FINAL CDBG-DR AWARD:			\$ 295,000.00	
(Program Cap = Final Award if Maximum Award is Greater than the Program Cap)			\$ 5,000.00	
Required escrow amount:			\$ -	
Certification of Review				
<p>Under penalties of perjury, I/we certify that the information presented in this document is true and accurate to the best of my knowledge and belief. I/we further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my inability to participate in this program or any other programs that will accept this document. Additionally, if I/we receive future funding for the same purpose of the CDBG-DR funds, I/we will agree to repay the assistance that was duplicated.</p>				
<p>Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.</p>				
Printed Name of Applicant:		Date:		
Signature of Applicant:		Date:		
Printed Name of Co-Applicant:		Date:		
Signature of Co-Applicant:		Date:		
Printed Name of DOB Reviewer:		Date:		
Signature of DOB Reviewer:		Date:		
<p>Duplication of Benefits (DOB) Calculation Form <small>Disclaimer: The Kentucky Department of Local Government does not warrant the accuracy or completeness of the information contained on this form. It is the responsibility of the user to ensure the information is accurate and complete. The user agrees to hold the Kentucky Department of Local Government harmless for any errors or omissions.</small></p>				
				Version date of March 2023

DOB Policy and Procedures

- Award letter templates
 - After DOB approval and underwriting, the Developer notifies the housing beneficiary. The beneficiary has 30 days to appeal the decision.
- Attestation form
- Subrogation Agreement template

CDBG-DR 10-10

[SUBRECIPIENT] AWARD LETTER

Subrecipient Letterhead

TO:
«Applicant Name» or «Co-Applicant Name»
«Mailing Address»
«Mailing City»
«Mailing State», «Mailing Zip Code»

Dear «Applicant Name» or «Co-Applicant Name»:

Thank you for applying to the [Click or tap here to enter text.](#) Program. We are writing to inform you that your application for the property at «Damaged Property Address» has been reviewed and is eligible for CDBG-DR disaster assistance. Based on the documentation received detailing how much disaster assistance was received, what the assistance was used for, and what third-party data verification shows, the final eligible CDBG-DR to be awarded total is [Click or tap here to enter text..](#)

Attached with this award letter is the Duplication of Benefits (DOB) Certification Form that shows the total verified need less other duplicative assistance verified. You are encouraged to schedule an award consultation with a program representative to better understand your award. Once you review your award, you should complete the DOB Certification Form #10-8, and notify the program whether you have selected to accept, reject, or appeal the program decision.

How to Appeal

If you disagree with the program's determination about your eligible award and wish to appeal it, you must submit your appeal in writing within thirty (30) calendar days of the date on this letter. The Program will acknowledge your appeal within fifteen (15) calendar days from receipt of the written appeal. Disputing the award amount will require you to provide evidence to support your claim and get your application reviewed. If the program does not receive your Request for Appeal Form and supporting documentation within thirty (30) calendar days, your ability to appeal will be waived and your application will remain in its current status.

DOB Policy and Procedures

- Award letter templates
- Attestation form
 - Required to complete if discrepancies are identified that can't be verified by third party sources.
- Subrogation Agreement template

CDBG-DR 10-8

Click or tap here to enter text.

Duplication of Benefits (DOB) Due Diligence Attestation Form

Directions: Applicants are required to complete this Attestation Form if Program Staff identify discrepancies, but are unable to obtain clarification from relevant third-parties e.g. Insurance Agencies, FEMA, SBA, etc.) within either a reasonable period of time or thirty (30) calendar days. Program Staff may not submit applications for QA/QC until adequate information is collected from third-parties or the application completes the attestation below.

Applicants shall list all proceeds received, the amount received, and the purpose/use of those funds as it relates to the specific program they are applying for. This must follow the specific Program's Policies and Procedures.

Type of Funds Received (e.g., insurance, homeowner's insurance, SBA loan, personal loan, donations etc.)	Amount of Funds Received	Purpose or Use of Funds (e.g., rental assistance, business assistance, construction, etc.)
	\$	
	\$	
	\$	
	\$	
	\$	

I certify under penalty of perjury that the information contained in this form is true and correct.

Signature: _____
Printed Name: _____
Date: _____

DOB Policy and Procedures

- Award letter templates
- Attestation form
- Subrogation Agreement template (Housing)
 - Borrower hereby assigns rights as they relate to the specific Structure defined within this Agreement and with respect to grants and/or loans described within Borrower's correlating application for assistance under the Program.
 - Borrower acknowledges that this assignment of rights only pertains to assistance calculated using physical damage caused to the Structure by the specific correlating disaster event. This includes any insurance and Program proceeds received for damage to the Structure caused by any subsequent event that occurred prior to the commencement of repair or reconstruction of the Structure utilizing Program funds.

CDBG-DR 10-11

DOB SUBROGATION AGREEMENT

This Subrogation Agreement ("Agreement") is made and entered into on this ____ day of _____, 20____, by and between _____ and the _____

By the receiving the CDBG-DR Grant Amount, the Applicant(s) hereby foregoes all future rights to reimbursement and all payments which may be received under any Federal Emergency Management Agency ("FEMA") program, Small Business Administration ("SBA") program, casualty or property damage insurance, nonprofit donations or grants, or any other funding received and related to the physical damage of the damaged home (not including contents) caused by the "Storms" that have not previously been included in the DOB calculation of the Grant Amount.

Under this Agreement, future proceeds shall be subject to the following:

- If proceeds are received by the Applicant between the date of this Agreement and the date of the first disbursement of the Grant Amount, the Program will re-calculate the Grant Amount by including the proceeds as a Duplication of Benefits in the grant calculation, which may result in the Grant Amount being reduced.
- If proceeds are received by the Applicant after the date of the first disbursement of the Grant Amount, but before the final disbursement, then the Applicant(s) must repay the Program the difference between the total amount of disbursements as of the date the proceeds were received, and (ii) the total Grant Amount that would have been made if such proceeds had been included in the original DOB calculation.
- If proceeds are received by the Applicant after the date of the final disbursement of the Grant Amount, then the Applicant(s) must turn over to the Program the total amount of the Proceeds up to, but not exceeding, the Grant Amount.
- If proceeds are received while the Applicant(s) is in default under the Program, then the Program will recover the amount of CDBG-DR proceeds up to the Grant Amount disbursed.

Applicant(s) must agree to assist and cooperate with the Program should there be a need to pursue any of the claims the Applicant has or may have with other parties providing disaster assistance. If requested by the Program, the Applicant(s) must provide additional documents or share information with the Program to further determine what assistance is available to the Applicant(s) and the implications on the Grant Amount.

The Applicant executing this Agreement hereby represents that he/she has received, read, and understands this notice of penalties for making a materially false or misleading written statement to obtain Grant Proceeds.

Primary Applicant Signature

Date

DOB Policy and Procedures

- Recordkeeping:
 - Developers/property owners will be required to appropriately document compliance with DOB requirements.
 - Insufficient documentation on DOB can lead to findings, which can be difficult to resolve if records are missing, inadequate, or inaccurate to demonstrate compliance with DOB requirements.
 - All documentation will be submitted to DLG

Case Study

- Case #1:
 - Applicant's home was damaged in 2022 and in 2025. They have received several sources of assistance for both disasters.
 - Need FEMA and Insurance documentation
 - Program Cap: \$185,000
 - Insurance 2025 (contents): \$5,000
 - Insurance (debris removal):\$0
 - Insurance 2025 (repairs): \$45,000
 - FEMA 2022 (personal property): \$6,703.35
 - FEMA 2022 (rental assistance): \$1,024
 - FEMA 2022 (repairs): \$19,947.95
 - SBA loans (repair): \$0
 - State Grant: \$0
 - **TOTAL Assistance Received: \$77,675.30**

Case Studies

- Case #1:
 - Is there a DOB? What additional information do you need to complete the DOB calculation?
 - What is the maximum CDBG-DR award?
 - Insurance assistance for both disasters may be considered duplicative.
 - Future buyout funds for the current primary residence would also be considered duplicative and covered in a subrogation agreement.

Do not count as DOB (\$):

- Insurance (contents): \$5,000
- FEMA 2022 (personal property): \$6,703.35
- FEMA (rental assistance): \$1,024
- FEMA (home repairs): \$19,947.95

Count as DOB (\$):

- Insurance (Repair/replace): \$45,000

Total Assistance Received: \$77,675.30

Not a DOB: \$32,675.30

DOB: \$45,000

DOB Framework

Example: SFNC Project

- Program Cap is \$185,000 (excludes \$15,000 developer fee)

DOB Analysis	Calculation
Step 1: Identify applicant's post-disaster unmet needs (est. project cost) – Assess Applicant Need	\$260,000
Step 2: Identify amounts available for capital improvements from all sources, including local funds – Identify Total Assistance Available	\$77,675.30
Step 3: Exclude Non-Duplicative Amounts	\$32,675.30
Step 4: Identify Total DOB Amount	\$45,000
Step 5: Maximum Award (Step 1 minus Step 4)	\$215,000
Step 6: Final Award (consider program cap)	\$185,000



Income Eligibility



Income Eligibility - Determine Level of Review

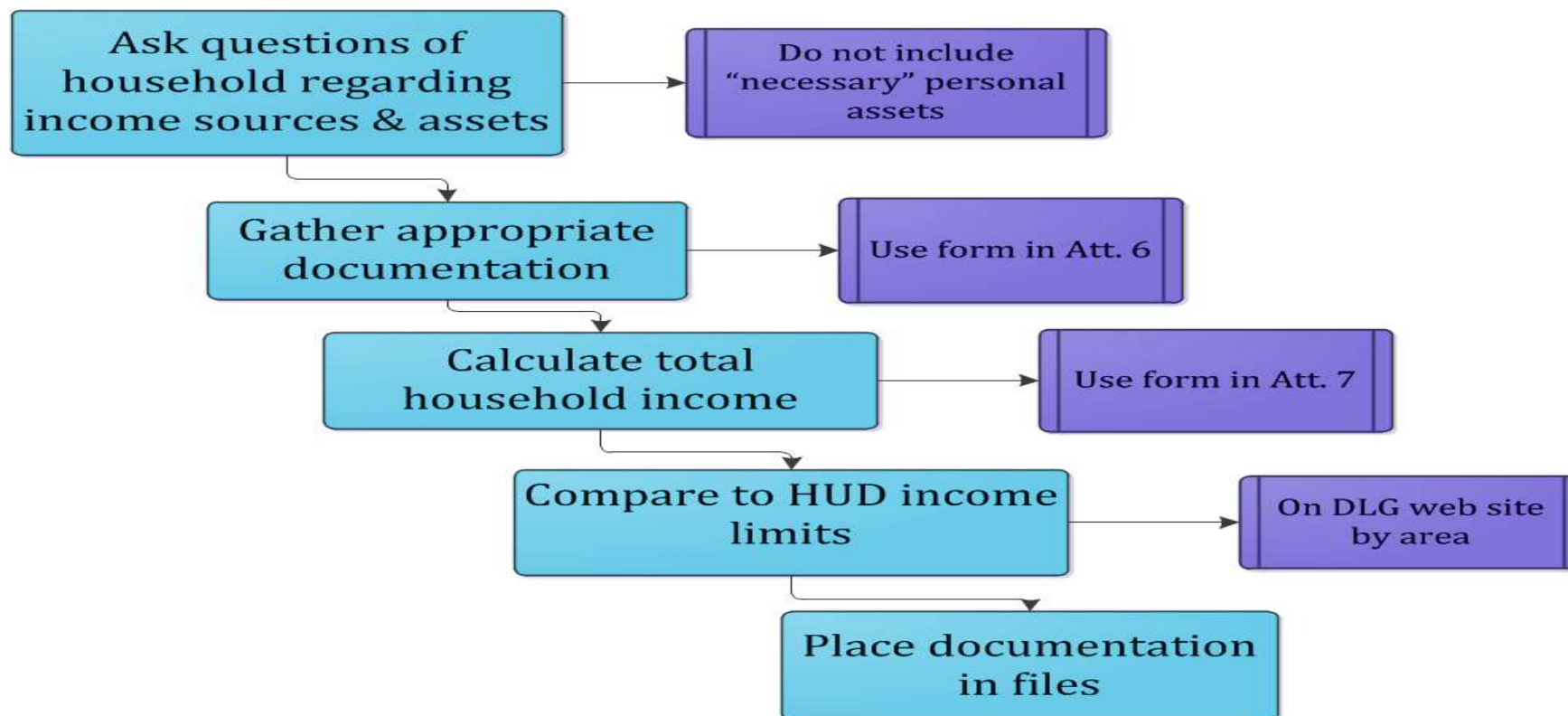
- Developers must document that each household meets income eligibility requirements
- Section 8 definition of income used for determination
- Section 8 regulations in 24 CFR Part 5
- Definition means gross amount of income for *all adult household members anticipated to be received in coming 12 months*

HUD Income Calculator



<https://www.hudexchange.info/incomecalculator/>

Income Eligibility Process





Completion



What is completion?

- For single-family homes, a project is considered complete upon occupancy of unit.
- For multifamily buildings, a project is considered complete when the developer can demonstrate that the CDBG-DR units are occupied by LMI households.
- It is important to note that the closeout process cannot be fully completed until certain other conditions have also been met, including:
 - A CDBG-DR national objective must have been met
 - Final payments have been made and reconciled
 - There must be no outstanding compliance review findings on the project

Final Inspection

- All new construction projects must meet the Kentucky Residential Code. Green and Resilient Building Standard final compliance inspection and documentation should also be finalized.
- All projects must receive a final inspection and Certificate of Occupancy (if applicable) from the local jurisdiction prior to closing out the activity.

Final Payment

- When construction work has been completed, the developer must certify completion of work and submit a final request for payment.
- Developer will coordinate the final inspection and prepare a written report of the inspection prior to the issuance of a final certificate of payment.

Final Payment

- Before making final payment (less 10 percent retainage), DLG will ensure that the developer has completed all final reports and documentation:
 - All weekly payrolls and Statements of Compliance have been received, reviewed, and discrepancies have been resolved;
 - Any underpayments of wages and/or liquidated damages have been appropriately handled and documented;
 - All discrepancies identified through job site interviews have been resolved;
 - All other required equal opportunity and labor standards provisions have been satisfied;
 - All contract submissions have been received;
 - All claims and disputes involving the contractor have been resolved;
 - All files are complete; and
 - As-built plans have been filed.

Final Payment

Retainage from Final Payment

- Within 30 days from the receipt of all documents, filing of the acceptance of the work, and upon submission of a clear lien certificate by the contractor, the DLG should release the 10 percent retainage that has been withheld from each progress and final payment to the contractor

Construction Closeout

- Construction closeout involves several steps, including final quality checks, completion of all paperwork, and payment of all contractors and suppliers. It is important to ensure that all construction closeout tasks are completed in a timely manner so that the final product can be delivered on schedule.
- The construction closeout process requires the collection and submission of all as-built documents, such as drawings, photographs, and specifications.
- Once these steps are completed, the project can be considered complete and ready for occupancy.
- Developers must have the contractor sign an **affidavit for Contract Termination and Release of Lien Form** and provide warranty documents, and subcontractors release of lien waivers before final payout. After which, the Notice of Acceptance of Work may be issued to the contractor.
- A Project Benefit Profile by Person and by Household must also be completed for the homebuyers.

Contract Termination and Release of Lien

- Inspection and approval of completed work must be conducted by the subrecipient prior to release of payment.
- At the conclusion of construction, a final inspection must be performed prior to any final payment to the contractor
- The contractor must sign an affidavit terminating the contract and releasing all liens ([attachment 6-24](#)) and should also have the contractor provide all warranty documents and subcontractor release of lien waivers prior to final payout.

CONTRACT TERMINATION AND RELEASE OF LIEN FORM
GENERAL CONTRACTOR'S AFFIDAVIT AND LIEN WAIVER

ACCOUNT #: _____
CONTRACTOR: _____
OWNER: _____
ADDRESS: _____

THAT I, the undersigned, being duly sworn, do depose and say that I terminate construction on the above described property.

THAT the improvements on the subject property have been fully completed in substantial conformity with the contract.

THAT I accept \$ _____ as full and final payment on the improvements on the subject property.

THAT all the materials used in said improvement, all labor performed thereon and all fees, industrial insurance and permits, in connection with the said improvements which might give rise to liens on the within described property have been paid in full.

Listed below are all subcontractors and major materialmen included in this work. Attached are waivers of liens from all of them as substantiation of the above statement.

Name of Subcontractor or Materialmen and Address

THAT the affidavit hereby waives any lien or right to lien which he/she may have against the described property and warrants to save harmless the said Property Owner and the Community Development Office of the City/County of _____ from any liens which are now in existence, or may hereafter arise by reason of said improvements, and cause the same to be released of record immediately.

THAT the foregoing waiver and these statements are an express warranty and representation to the Community Development Agency of the City/County of _____ and the Property Owner of the facts herein sworn to and is made for valuable consideration, receipt whereof is acknowledged.

That undersigned hereby guarantees the work performed for a period of one (1) year from the date of final acceptance of all the work required by the contract, and Certification of Final Inspection, dated _____ He/she also attaches herewith all manufacturers' and suppliers' written guarantees and warranties covering materials and equipment furnished under the contract.

CONTRACTOR _____

OWNER _____ GRANTEE _____

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20____.

NOTARY PUBLIC _____ My Commission Expires: _____

Project Closeout Report

- Developers are required to complete a Project Closeout Report upon project completion to certify that all activities have been carried out in compliance with the Developer Agreement and CDBG-DR requirements.
- The Project Closeout Report requires final reporting, similar to the Quarterly Report, and related to:
 - Financial expenditures and budget
 - Project benefit profile by household
 - Tenant information (if applicable)
 - Unpaid obligations and unsettled third party claims
 - Housing unit address information



Affordability Compliance – Rental and Single-Family



Affordable Units

- CBDG-DR Low-to Moderate Housing (LMH) National Objective: CBDG-DR units must be occupied by households at or below 80% of the Area Median Income (LMI) for the County, adjusted by household size.
- The Commonwealth received a waiver from HUD that allows households to qualify as LMI based on statewide median income when the county AMI is below statewide median income. For example, for a family of 4:

Kentucky 80% Median Income	Knott County 80% Median Income	Fayette County 80% Median Income	Warren County 80% Median Income
\$67,350	\$56,700	\$81,900	\$66,300

- For projects that include Urgent Need (UN)* – households between 80%AMI and 120% AMI- the 120% statewide median income may be used when the county AMI is below the statewide AMI.

**The project's requirement for affordable units will be detailed in the funding agreement.*

Rental Period of Affordability

- DLG has adopted the HOME period of affordability for DR funded housing activities to be occupied by LMI households.
- Multifamily New Construction: 20 Years
- Rental Rehab:

CDBG-DR per unit	Affordability Term
Under \$25,000	5 years
\$25,001-\$50,000	10 Years
Over \$50,000	15 Years

If a unit is not occupied by a qualified households AND rented at an affordable rate during the full period of affordability, the borrower will be in default of the program rules and may be required to repay the entirety of CDBG-DR funds.

Affordable Rents

- DLG has adopted the HOME definition for affordable rents.
- Maximum rents include rent + utilities paid by tenant.

Rents are *lesser* of:

- Fair Market Rent

OR

- Rent that does not exceed 30% of the adjusted income of a family at 65% AMI (adjusted for adjustments for # of bedrooms).
- Property owners must provide rental report upon initial full lease up of CDBG-DR eligible units, then annually.
- The report will provide tenant information, name and household composition, including income, race and ethnicity. The report will also provide the total amount of rent charged for the unit.

Single Family Construction Long Term Affordability Requirements (for Homebuyer)

Two periods of affordability: HUD and Kentucky

HUD Affordability Period

- Based on the amount of CDBG-DR assistance the homebuyer receives
- Recorded in HUD's Disaster Recovery Grant Reporting system.
- After the minimum period of affordability has been met, the HUD and CDBG-DR Program requirements are satisfied.

Commonwealth Extended Period of Affordability

- The Kentucky extended affordability period will begin at the completion of HUD's affordability period
- Will remain in effect through the term of the homeowner's CDBG-DR loan.
- The extended affordability period will terminate when the CDBG-DR loan is fully paid or fully forgiven.

Single Family Construction Long Term Affordability Requirements (for Homebuyer)

Homeownership Assistance per Unit	HUD Period of Affordability	Kentucky Extended Period of Affordability
Under \$25,000	5 years	5 years
\$25,001 to \$50,000	10 years	10 years
\$50,001 and above	15 years	15 years



Recapture



Recapture

- Recapture (“sell to anyone, but pay back the subsidy”)
- Instead of long-term restrictions on the unit, if the homeowner sells the unit prior to end of affordability period, a portion of funds will be repaid to DLG
- The subsequent buyer is not required to be low-income buyer
- Term of the affordability period based on total direct subsidy to homebuyer (up to 30 years)
- Only the amount provided to homebuyer is recaptured.

Recapture Example

- \$200,000 in CDBG-DR development assistance to developer for unit development (additional funds may be provided for infrastructure) of affordable housing
- Unit sold at market value
- Of this, \$20,000 left in deal as affordability loan for homebuyer
- Total direct subsidy: \$20,000
- Affordability period: 10 years

Maximum Subject to Recapture

Sale Price

- Superior Non-CDBG-DR Debt
- Sellers Closing Costs
- = Net proceeds

Example

\$250,000 Sale three years later

-\$195,000 Wells Fargo mortgage balance

-\$ 15,000 Sellers portion of closing costs

=\$ 40,000 net proceeds available for recapture

What Is Subject to Recapture?

- Buyer pays back some or all “direct subsidy to the homebuyer”
- Amounts provided directly to the buyer:
 - Subsidized loan
 - AND
 - Amounts that write cost below market
- May sell to any willing buyer at subsequent sale at any price



Marketing



- The developer is responsible for marketing the units to eligible buyers/renters.