



**Owner-Occupied Rehabilitation and Reconstruction
Policy Manual**

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Version History and Version Policy

The version history of the policy manual is tracked in the table below, with notes for each change. The dates of each publication are also tracked in the table.

The State will publish a new version after making substantive changes that reflect a policy change. The updated policy manual will be assigned a new primary version number such as 2.0, 3.0, etc.

After making non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, the State will publish a version of the document with a sequential number increase behind the primary version number such as 2.1, 2.2, etc.

Amendments made to policy may go into effect on the date of the revision or may be applied retroactively, depending on the applicant pipeline and status of the intake and recovery process. Whether a policy will be applied proactively or retroactively will be detailed in the version history below and/or within the relevant program sections.

Version Number	Date Revised	Key Revisions
1.0		Owner-Occupied Rehabilitation and Reconstruction Policy Manual

1 Program Overview

1.1 Purpose of the Policy Manual

This policy manual provides policy guidelines for subrecipients and homeowners to participate in the program. It includes information on important topics such as:

- Who is eligible to receive program assistance
- What type of structures can be repaired, reconstructed, or replaced
- Types of eligible program costs and rebuilding or replacement requirements
- Process, compliance, and documentation requirements to participate
- How awards and benefits are calculated
- What an approved participant must do before and after they get assistance from the program
- What additional resources are available to help subrecipients move forward with their application
- How to appeal a program decision

Please note that throughout this policy manual the term subrecipients refer to the applicants to the program; City, county, and tribal governments.

Navigating the Policy: Users of this policy can jump from one section to another by clicking on the headers within the table of contents or by clicking on the side headers on the left-hand side of the document, which appear when clicking on the right-facing arrow. This policy will reference the CDBG-DR Subrecipient Manual located on the DLG Disaster website [Kentucky DLG - DRP Grants](#). Subrecipients should review this manual in conjunction with the Subrecipient Manual to understand roles and responsibilities if funded.

1.2 Program Description

The Owner-Occupied Rehabilitation and Reconstruction program is intended to assist homeowners repair their homes, support rehabilitation of older and existing housing stock, and provide safe and decent housing opportunities for residents.

City, county, and tribal governments will apply to DLG with a preliminary list of eligible homeowner beneficiaries including all supporting documentation and assume the role of the responsible entity to operate an owner-occupied housing rehabilitation and reconstruction program. DLG will provide awards to subrecipients for eligible projects. Subrecipients must work with a certified grant administrator to assist with application development, grant administration, and activity delivery. For more on the certified grant administrator requirement please refer to Section 2.2 of this policy. Eligible subrecipient applicants may work with qualified non-profit organizations or partners to help implement the projects. If a non-profit would like to apply directly for these funds, they must reach out to DLG for more information on this process.

Once awarded the subrecipients will distribute funds necessary for eligible homeowners to rehabilitate or replace eligible damaged properties per program standards. For more information on eligibility is provided in Section 3 of this policy.

Each homeowner award should be calculated using consistent program construction, energy efficiency, and award calculation standards, which are based on the type of project or the type of replacement unit (e.g., manufactured home, site-built, or modular homes) taking into consideration any duplication of benefits. The maximum assistance that each subrecipient and beneficiary is eligible to receive will be determined using a consistent award calculation methodology described further in Section 8.

Subrecipients recipient grant administration responsibilities include but not limited to the following:

- Homeowner intake
- Eligibility Review
- Duplication of Benefits Verification
- Homeowner award calculation
- Appeals
- Inspections
- Environmental Review
- Lead-Based Paint Requirements
- Green Building Requirements
- Homeowner contracting assistance
- Monitoring construction
- Contractor payments
- Construction grievances
- Compliance with all applicable cross-cutting federal requirements
- Construction closeout

All projects will be monitored by DLG for compliance during construction and closeout.

1.3 Funding Sources

A disaster was presidentially declared in February 2022 for 2021 severe storms, flooding, landslides, and mudslides (DR-4595) and the 2021 severe storms, straight-line winds, flooding, and tornadoes (DR-4630). The U.S. Department of Housing and Urban Development (HUD) announced that the Commonwealth of Kentucky would receive \$74,953,000 funding to support long-term recovery and mitigation efforts following the 2021 severe storms (DR4595 and DR-4630) through publication in the Federal Register, Vol. 87, No. 100, May 24, 2022 (87 FR 6326).³ This allocation was



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made available through the Disaster Relief Supplemental Appropriations Act of 2022 (Pub. L. 117-43)⁴ and approved on September 30, 2021 (the Appropriations Act).

In January 2023, the U.S. Department of Housing and Urban Development (HUD) announced that the Commonwealth of Kentucky would receive an additional \$48,983,000 in Community Development Block Grant–Disaster Recovery (CDBG-DR) funding via publication in the Federal Register (FR), Vol. 88, No. 11, January 18, 2023 (88 FR 3198). This allocation was made available through the Continuing Appropriations Act, 2023 (Public Law 117–180), approved September 30, 2022.

The funding for this program is provided through HUD’s Community Development Block Grant Disaster Recovery (CDBG-DR) Program, as appropriated by Congress. Funding for 2021 disasters through the Kentucky Department of Local Government (DLG) funding is designed to address the needs that remain after all other assistance has been exhausted.

2021 Severe Storms, Flooding, Landslides and Mudslides (DR-4595)

A disaster was presidentially declared on April 23, 2021, (DR-4595), but the 2021 severe storms, flooding, landslides, and mudslides impacted the Commonwealth from February 27, 2021, through March 14, 2021.

2021 Severe Storms, Straight-line Winds, Flooding, and Tornadoes (DR-4630)

A disaster was presidentially declared on December 12, 2021, (DR-4630) for the 2021 severe storms, straight-line winds, flooding, and tornadoes that impacted the Commonwealth from December 10, 2021, through December 11, 2021

1.4 Limited English Proficiency (LEP)

LEP is a designation for persons that are unable to communicate effectively in English because their primary language is not English. Recipients of federal funds awarded or drawn through DLG are required to ensure that meaningful access to services is assured for their LEP clients. Recipients must provide language assistance services that result in timely, accurate, and effective communication at no cost to LEP clients and/or their beneficiaries. Such language assistance services are to be provided in accordance with the guidelines set forth in the U.S. Department for Health and Human Services “Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons.” DLG is available to assist Recipients in identifying and developing appropriate language assistance measures. If an application is funded, the local government or nonprofit agency will be required to conduct a four-factor analysis, develop a Language Access Plan (LAP), if necessary, and provide a description of outreach efforts during the Letter of Conditional Commitment stage.

1.4.1 Subrecipient Language Access Plan

DLG and subrecipients are required to ensure meaningful access to agency services, programs and activities for persons who have LEP. From intake to closeout, subrecipients must identify homeowners who have difficulty speaking or reading English and ensure that services are available to them in accordance with the [KY DLG Language Access Plan](#).

In order to determine if language assistance is required by recipients of federal funds through DLG, all Recipients are required to follow the measures outlined below:

1. Conduct the four-factor analysis prior to advertising for application public hearing.
2. If the four-factor analysis reveals there are 1,000 or more LEP persons, or 5 percent or more LEP persons in the eligible population in the jurisdiction or among current beneficiaries, the applicant will provide appropriate language assistance by:
 - a. Translating all vital documents;
 - b. Posting notices of application public hearings in areas frequented by LEP persons of the threshold population(s) in the language(s) spoken; and
 - c. Providing translation services at public hearings, if requested to do so by LEP persons.
3. If the four-factor analysis reveals there are less than 50 LEP persons but 5 percent or more LEP persons in the eligible population in the jurisdiction or among current beneficiaries, the applicant will provide appropriate language assistance by:
 - a. Posting notices of application public hearings in areas frequented by LEP persons of the threshold population(s) in the language(s) spoken; and
 - b. Providing translation services at public hearings, if requested to do so by LEP persons.
4. If the four-factor analysis reveals there are less than 50 LEP persons and less than 5 percent LEP persons in the eligible population in the jurisdiction or among current beneficiaries, the applicant will provide appropriate language assistance by providing translation services at public hearings, if requested to do so by LEP persons.

If a LAP is required, the Recipient's LAP will include certifications that LAP has been developed, adopted, and will be implemented for all CDBG-funded projects. The Recipient's LAP will include an identification of all LEP populations exceeding 1,000 or five percent of total jurisdiction population, whichever is less, the identification of materials to be made available to LEP persons, the means by which the materials will be made available to LEP persons, and the identification of any other translation services which may be necessary. Recipients will be monitored for implementation of their LAPs

All agencies receiving federal funds through DLG will report annually on services provided to LEP persons. Agencies will review their respective plans each year to evaluate their effectiveness and to make any needed changes. DLG will assist agencies in finding appropriate translation resources, and disseminate translated federal program notices, brochures, posters and other documents. DLG will monitor the delivery of any required language assistance on an ongoing basis. It will review the LAP, evaluate the effectiveness of its

implementation, and update the LAP, on an annual basis, in order to ensure continued responsiveness to community needs. The LAP evaluation will consist of:

- Revision of the LAP, as necessary, by monitoring changes in demographics and services provided, updating available resources and tools, modifying methods of implementation and addressing any issues of concerns.
- Analysis of language assistance usage, including the amount of language service requests, surveying the languages most frequently encountered, identifying the primary modes of communication, and costs associated with services rendered.
- Assessment of response to requests by LEP individuals and Recipients regarding the delivery of language assistance services

1.5 Reasonable Accommodations for Persons with Disabilities

The program will provide reasonable accommodations to persons with disabilities, including providing multiple options for how residents can submit applications, ensuring all website materials are Section 508 compliant, ensuring ADA accessibility to applicant centers, providing multiple paths for homeowners to receive information from program staff (e.g., over the phone, online, in person, through mobile intake centers, etc.), and building in reasonable accessible design standards for replacement manufactured homes and rehabilitated site-build homes.

In addition, if there are any tenants who are displaced and qualify under the Uniform Relocation Act, the State will ensure that tenants with disabilities are relocated to units that meet their accessibility needs.

1.6 Fair Housing and Civil Rights

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. DLG complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act and the Fair Housing Law.

DLG follows policies and procedures for compliance with Affirmatively Furthering Fair Housing (AFFH) during the design and implementation of all program activities. This includes an assessment of the demographics of the impacted residents, of proposed project areas, socioeconomic characteristics, environmental hazards or concerns, and other factors material to the AFFH determination.

Subrecipients are required to designate a fair housing and equal opportunity coordinator to be the prime liaison with DLG. This coordinator will review all plans and activities for compliance to suggest strategies and actions that can be undertaken to

comply with the spirit and intent of the law. DLG requires communities with an open CDBG project to annually report on efforts undertaken to affirmatively further fair housing and equal opportunity.

2 Program Administration

2.1 Overview

City, county, and tribal governments will apply to DLG and assume the role of the responsible entity to operate an owner-occupied housing rehabilitation and reconstruction program. Eligible subrecipient applicants may work with qualified organizations or partners to help implement the projects.

Subrecipients must work with a certified grant administrator to assist with application development, grant administration, and activity delivery.

Homeowner beneficiaries will apply to the entity jurisdiction or their implementation partner for participation in the program.

DLG is responsible for developing and amending the CDBG-DR Public Action Plan, program policies and procedures, ensuring program and other cross-cutting federal regulatory compliance, providing technical assistance to subrecipients, procurement oversight, and financial management.

2.2 Certified Grant Administrator Requirements

The Commonwealth of Kentucky requires that individuals administering CDBG-DR funds be officially certified by DLG as CDBG-DR Administrators. Chapter 1: Project Administration, Section 1-B provides more information on the requirements of the Certified Grant Administrator.

To be certified as a CDBG-DR Administrator, first time attendees must participate in the DLG-sponsored CDBG-DR Administrator Certification training. The training will occur in June, 2023. Once administrators have been certified, DLG will maintain an updated list of certified CDBG-DR Administrators. The list will be frequently updated by DLG.

2.3 Program Policies

2.3.1 URA

The URA provides relocation assistance to any person as defined at 49 CFR 24.2(a)(9)(i) that is displaced as a result of a federally assisted project involving acquisition, demolition, or rehabilitation. Displaced persons include individuals, households, businesses, non-profits, and persons storing property on site. URA may apply to those homeowners who reside in a Special or Attached Dwelling Unit and rent out a portion of that residence. Please reference Chapter 8 in the Subrecipient Manual for further guidance on the Program's policy on who is considered displaced and who meets occupancy requirements, as well as the State's process for implementing URA provisions.

In the event a renter is occupying a property participating in the Program, the property owner must comply with all URA requirements for notices and applicable services. These may include, but are not limited to, a notice to vacate in an instance of temporary relocation, replacement housing payments, housing of last resort, and moving expense payments. Tenants of properties receiving assistance that results from the funding of a property under the Program may be either temporarily or permanently displaced. Relocation in the Program is anticipated to concern primarily temporary relocation activities, meaning renters may return to the property after the rehabilitation activities are complete. Designated Housing Recovery staff (Relocation Specialists) will work with each applicant with a tenant-occupied property to assist property owners in complying with URA requirements. The Program will comply with the policy on acquisition and relocation and will minimize displacement, per the State's Residential Anti-Displacement and Relocation Assistance Plan (RARAP).

2.3.2 Optional Relocation

DLG and its subrecipients are authorized to provide Optional Relocation Assistance (ORA) to persons displaced by assisted activities who do not meet the definition of a "displaced person", 49 C.F.R § 24.2 (a)(9)(i), and would therefore not be eligible for assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq.1

Applicant households who must temporarily relocate from their storm damaged property for construction activities associated with their acceptance of a CDBG-DR program award are not considered "displaced persons". These households who are voluntary participating in the CDBG-DR programs are not entitled to relocation assistance under the URA but eligible for ORA through this program. More detail is provided in the "Optional Relocation Procedures".

Subrecipients must provide advanced notice of the move out date (30 days) and notice to return (10 days).

Subrecipients are responsible for locating temporary housing and ensuring the unit meets HUD Housing Quality Standards validated by an inspection.

Payments are required to be made directly to landlords and vendors for expenses during the eligible period.

For more detailed guidelines and procedures pertaining to terms of assistance, expenses, and example assistance calculations please refer to the Optional Relocation Procedures on the Disaster Website: [Kentucky DLG - DRP Grants](#).

2.3.2.1 ORA Eligibility

To be eligible for ORA, the homeowner must be:

- Approved for program assistance.

- Required by the program to temporarily relocate from the primary residence to complete all construction activities, as evidenced by a notice to vacate.
- Household income at or below 30% of area median income
- Applicant must attest that the household income has not changed from the date of an executed grant agreement.

2.3.2.2 ORA Applicant Responsibilities

Homeowners are responsible for the following items:

- The lease agreement is between the applicant and the landlord. The applicant is responsible for complying with the lease agreement. The applicant will receive information and resources on tenant rights.
- If any, their share of the rent must be paid on time.
- Maintain the housing unit to keep it decent, safe, and sanitary.
- Notify the program within 5 business days if there are any income or makeup of household changes.
- Notify the program within 5 business days if a situation occurs that may put the household at risk of losing the housing unit such as a notice to evict.

Homeowners who disregard their responsibilities may have their assistance terminated. It will not impact the rehabilitation or reconstruction assistance being provided to the applicant.

2.3.2.3 ORA Eligible Expenses

All assistance must be determined to be necessary and reasonable. Eligible expenses, up to \$10,000, may include the following:

- Rental Assistance- Rental payments will be limited to the actual monthly rent or [HUD's Fair Market Rent \(FMR\) for the county](#), whichever is lower. The maximum unit size allowed per applicant will be determined according to household size as verified by the program through the application process and not based on the size and type of home being reconstructed or rehabbed. Exceptions may be approved in case of disability or household size.
- Moving expenses-The actual ORA moving assistance amount provided will be based on a written estimate or paid invoice.
- Hotel Expenses-: Hotel expenses are eligible only on a case-by-case basis and are required to be approved by DLG.
- Storage Expenses- Storage expenses will be allowed only in cases where the personal property in the damaged area cannot be temporarily moved to another area on the property. The assistance is limited to personal property that the program has determined is

necessary to remove for construction services. ORA storage payments will only be eligible for the period beginning 30 days prior to the applicant's construction move out date and ending 30 days following the applicant's construction completion date.

2.3.3 Recapture Policy

During the course of implementing and monitoring the Program, subrecipient files may be identified for potential grant recovery during one of several reviews by program staff or auditors.

As a result of this review, a subrecipient may be required to repay all, or a portion of funds received by the Program. Reasons for recapture of program funding include the following:

- A subrecipient or homeowner is determined to have provided false or misleading information to the Program.
- A homeowner withdraws from the Program prior to completion of the project.
- The subrecipient does not complete construction or environmental remediation activities.
- A homeowner does not report receipt of additional insurance, SBA, FEMA, or other duplicative assistance.

Projects will not be closed out until all funds have been repaid to the Program.

2.3.4 Policy Changes

Revisions to program policies will be tracked in the Version History table above and include notes and dates of revisions. Substantial changes within this document that reflect a policy change will result in the issuance of a new version. Substantial changes that result in the publication of a new version of this manual will be indicated with a sequential upward movement in the primary version number.

All policy changes for the program are considered and reviewed by DLG.

2.3.5 Conflict of Interest

In accordance with federal requirements, the Program will adhere to the following conflict of interest provisions established for the CDBG-DR Program and as fully described in the DLG Conflict of Interest Policy in Chapter 1 of the Subrecipient Manual. For the Program, the following areas have been identified as potential areas of conflict:

- Program Staff/Property owner Applicant or Staff/General Contractor relationships
- Property owner Applicant/General Contractor relationships

- Evaluation and approval process

Efforts should be made to recognize and resolve potential conflicts in the application phase, as well as through implementation of the activity. DLG has outlined the following requirements and persons covered:

- State CDBG Regulations at 24 CFR 570.489;
- CFR Parts 200, 215, 220, 225, and 230;
- KRS 45A.340 (covers what specifically constitutes a ‘conflict of interest’ pertaining to public officers and employees) for public municipalities that have adopted the Model Procurement Code;
- KRS 99.350(8)(covers public officers and employees that participate in the formulation of a development area and dictates what conflicts are prohibited) and;
- KRS 61.252 covers city employees, officers, and exceptions to conflicts of interest.

2.4 Competitive Application

Applications will open in May and remain open until all funds have been obligated. DLG will receive the applications and make funding decisions based on competitiveness and completeness of the application, justification for funding, and feasibility of the project. City, county, and tribal governments will apply to DLG to develop programs that will fund eligible homeowners.

2.5 Disbursement of Funds

Once funding is awarded and all required agreements and contracts are fully executed, program disbursements will be made to subrecipients. The grant agreement specifies which evidentiary materials are required for submission to DLG. DLG must receive and approve these materials before the grantee may expend any project funds for specified activities. Those evidentiary materials and release of funds procedure are detailed in Chapter 1 of the Subrecipient Manual, Section 1-D.

2.6 Reporting Requirements and File Management

2.6.1 Reporting Requirements

Subrecipients must submit a Certification of Inspection and Contract Construction Payment Request form with each draw request (form 6-22). The form is located in Chapter 6 of the Subrecipient Manual. Payment requests will not be processed without the form completed in its entirety.

2.6.2 File Management

It is important that the grantee fully document compliance with all applicable regulations. This is accomplished through maintaining comprehensive records and submitting all necessary reports.

The filing system should be easy to use and provide a historic account of activities for examination and review by the State, auditors and local staff. For more information and details please refer to Chapter 1 of the Subrecipient Manual, Section 1-K. Chapter 1 will also provide lists of regulatory documentation necessary for the contract folder. However, each household assisted will also require a folder that relates only to that address. Therefore, each individual housing project file should contain the following:

- Homeowner Application and all associated paperwork including the duplication of benefits documentation
- Rehabilitation Guidelines and Council Resolution of Adoption
- Pending Homeowners and Disqualified Homeowners, Family Survey, Work Write-ups and Cost Estimates
- Master Complaint File
- Rehab Contract File (for each job)
- Proof that Recipient Received a Copy of the Grievance Procedures
- Household Survey/Rehabilitation Assistance Application
- Proof of Ownership
- Homeowner Release for Verification of Income
- Verification of Income and Employment
- Certification of Primary Residence
- Proof of Current House Insurance
- Flood Insurance Acknowledgement
- Work Write-ups and Cost Estimates that Document Rehabilitation Activities and Cost Versus Lead-Based Paint Activities and Cost, if applicable
- Proof that Applicant Initialed Each Page and Signed Last Page of the Work Write-up
- Lead-Based Paint Hazards Notification, as applicable
- Pamphlet – Protect Your Family From Lead In Your Home
- Disclosure Form for Target Housing Rental and Leases
- Lead Hazard Evaluation Notice
- Lead Hazard Presumption Notice
- Lead Hazard Reduction Notice
- Lead-Based Paint Inspection/Testing Report or Risk Assessment Report or Lead Hazard Screen Report
- Lead Hazard Clearance Test Report
- Certification of Safe Work Practices
- Certification of Inspectors, Risk Assessors and Supervisors
- Executed Loan/Grant Documents
- Executed Contract (with contractor) Documents
- Homeowner Authorization for Agency to Act as Agent, if applicable
- Bid Opening Minutes that includes names of all contractors present at the meeting, list of bids received, and amount of each bid
- Notice to Proceed
- Progress and Final Inspection Reports
- Progress Payments and Final Payment Documentation (including cancelled checks)

- Change Orders, if any
- Notice of Owner's Acceptance of Work
- General Contractor/Subcontractor/Material Affidavit, Warranties and Release of Liens
- Promissory Note, if applicable
- Real Estate Mortgage, if applicable
- Follow-up Visit Inspection (within 60 days of job completion)
- Copies of Written Complaints, Resolution, and Correspondence (also include in Master Complaint File)
- Counseling Report – Homeowner Maintenance/Life Skills Education

2.1 Complaints and Appeals

2.1.1 Section 504 Coordination Complaints and Grievances

Section 504 prohibits discrimination on the basis of disability in programs conducted by federal agencies, in programs receiving federal financial assistance, in federal employment and in the employment practices of federal contractors. Complaints regarding accessibility can be reported to the State's Section 504 Coordinator. Plan publication efforts must meet the effective communications requirements of 24 Code of Federal Regulations (CFR) 8.6 and other fair housing and civil rights requirements, such as the effective communications requirements under the Americans with Disabilities Act. Chapter 7 of the CDBG guidebook contains more information regarding Section 504 and its requirements.

If any person who believes they have been denied opportunities or treated differently due to their race, color, national origin, sex, sexual orientation, gender identity, age, disability, religion and/or familial status may file a complaint. Complaints can be made directly to DLG.

2.1.2 Grievances Received by Grantees

Occasionally grantees receive complaints regarding their projects and activities; therefore, it is required under the citizen participation requirements that the grantee develop a procedure to respond to complaints and grievances.

Grantees must provide citizens with an address, phone number, and time period for submitting complaints and grievances. The grantee must respond to the complaint within 15 working days of receipt, where practical.

Each complaint and the resolution to the complaint should be well documented in the grantee's files and kept in a project complaint file for any project related complaints.

2.1.3 Grievances Received by DLG

Because complaints and grievances are best handled at the local level, DLG will forward any complaints it receives concerning projects to the grantee for response. The complainant will be notified that the complaint has been forwarded to the grantee for resolution. The grantee will follow their grievance procedures.

The grantee has to follow the same timeline of 15 working days from receipt from DLG (where practical). A copy of the letter of resolution must be submitted to DLG. If the grantee does not provide a resolution, DLG will work with the grantee and the complainant to resolve the complaint.

2.1.4 Beneficiary Program Appeals

2.1.4.1 Method of Submitting Appeals

Homeowners may appeal the following types of decisions made by the Program:

- Program eligibility
- Grant award calculation, prior to execution of the grant agreement
- Cost estimates, for repairs or reconstruction, limited to measurements of the home and/or quantities of damaged materials only
- Duplication of benefits
- File closure

All appeals must be submitted in writing to the subrecipients within thirty (30) days of the decision (defined as either the date of notification by electronic means or the certified mail delivery date). Homeowners may submit appeals via email, the Program's website, or U.S. mail.

2.1.4.2 Processing Appeals

The subrecipient will acknowledge receipt of appeals it receives within three (3) to five (5) business days of receipt. As part of its review, the program may request additional information from an outside party or from the applicant. In such cases, the program will provide a deadline by which the requested information must be provided (in most cases, one (1) to five (5) business days).

Regardless of the reason(s) a homeowner files an appeal, the entire file will undergo a full review. Each appeal will be reviewed against Program policies and requirements, and applicable local, State, and Federal law. Subrecipients should be aware that this full file review may result in positive or negative changes to the eligibility status or an increase or decrease from the previous award amount. Such variations in the final award are necessary to ensure that the home is properly repaired and that the Program only pays for work that is necessary, reasonable and within Program guidelines. In any instance of a decrease in the actual cost of the repair, reconstruction, or home replacement, the grant award and disbursements will be reduced to reflect the reduction.

2.1.4.3 Responses to Appeals

The subrecipient will review the appeal, make a decision, and notify the applicant in writing of the decision within ten (10) business days of receipt. However, some cases may require additional time for review. In such cases, the Program will notify the applicant that the appeal decision will be delivered later than the 10 business day timeline. The Program will keep a record of each appeal that it receives in its system of record and copy the State on each written response.

3 Eligibility

3.1 Subrecipient Eligibility

Local cities, counties, and tribal governments are eligible to apply for the Kentucky Owner-Occupied Rehabilitation and Reconstruction Program as subrecipients. Subrecipients are responsible for documenting all homeowners meet the eligibility requirements below.

3.2 National Objectives

Assistance provided under this program will meet the national objectives of benefiting LMI persons or households or addressing an urgent need. The program may use the Urgent Need national objective to assist eligible disaster-impacted homeowners with incomes greater than 80% AMI. The national objective will be met based on applicant's household income verified at the time of award by the jurisdiction to the beneficiary.

Low-Mod Housing (LMH): All program assistance and activity delivery costs provided to or on behalf of low- and moderate-income households. A household is LMI if their household income is at or below 80% of the area median income (AMI).

Subrecipients must track all LMI beneficiaries per HUD requirements using the following income ranges and categories:

- 0% - 30% AMI Extremely Low
- 31%-50% AMI Very Low
- 51%-80% AMI Low

Household income will be determined based on the total number of persons in the household and total annual income of each household member 18 years and older. See Section 4.5 for additional information on the income verification process.

Urgent Need (UN) : HUD allows for the use of the urgent need (UN) national objective when existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent, and the recipients cannot finance the activities on their own because other funding sources are not available. All assistance and activity delivery costs provided to or on behalf of households with incomes at or above 80% of the AMI

will be classified under UN. Subrecipients can use the UN national objective for households with incomes greater than 80% of the AMI because all homeowners are required to meet applicant and property eligibility criteria, which include demonstrating their eligible owned primary residence was damaged or destroyed by the 2021 Severe Storms, Flooding, Landslides, and Mudslides (DR-4595), damaged or destroyed by the 2021 Severe Storms, Straight-line Winds, Flooding, and Tornadoes (DR-4630) and they have a remaining unmet need. Each approved application will describe the type, scale, and location of the disaster-related impact that will be addressed through the project.

3.3 CDBG-DR Eligible Activities

The following activities under the Housing and Community Development Act of 1974 (HCDA) are eligible: Rehabilitation, reconstruction, elevation; HCDA Section 105(a)1, 4, 5, 11, and 14; applicable waivers identified in the Allocation Announcement Notice and Consolidated Notice (87 FR 6326).

Only costs incurred after an award will be eligible for reimbursement. Reimbursement of pre-award costs is not allowed.

Eligible activities must be directly related to the recovery and resilience needs of eligible homeowners whose homes were damaged or destroyed by the 2021 Severe Storms, Flooding, Landslides, and Mudslides (DR-4595) and the 2021 Severe Storms, Straight-line Winds, Flooding, and Tornadoes (DR-4630). In the future if HUD allocates additional funding for other disasters they will be subject to the terms of interchangeability of funds. HUD also allows for CDBG-DR funds to be interchanged between grants received in separate allocations and under prior appropriations. Interchangeability means that those funds can be used without limitation for the same activities related to unmet recovery needs in the “most impacted and distressed” (MID) areas resulting from a major disaster identified in the Appropriations Act as CDBG-DR eligible or in prior or future appropriations acts, when the MID areas overlap and when the use of the funds will address the unmet recovery needs of major disasters identified in the Appropriations Act as CDBG-DR eligible or in any prior or future appropriations acts.

The program may also fund activities necessary to address site-specific needs such as demolition and removal of the original structure, accessibility needs (e.g., ramps and lifts), environmental issues, on-site residential infrastructure repairs or replacement (e.g., septic tanks and wells), relocation assistance, resilience and mitigation measures, elevation requirements, and lead abatement (when required by federal regulations). Depending on the nature of the activity, the homeowner’s project management plan, and the community’s development plans, these activities may be carried out by the applicant directly or by the State, local government or a subrecipient on behalf of the applicant.

3.4 CDBG-DR Eligible Counties

The counties that are eligible for CDBG-DR are those areas of greatest impact from a disaster as determined by HUD or the State in making disaster funding

allocations, using the best available data sources to calculate the amount of disaster damage.

HUD has identified the following MID areas for the 2021 KY disasters:

- Graves County
- Hopkins County
- Breathitt County (41339)
- Warren County (42101)

Kentucky has decided to expand the HUD-identified MID areas in ZIP codes 41339 and 42101 to include the entire counties of Breathitt and Warren.

In addition to HUD's identified MIDs, Kentucky has identified the following counties as eligible for CDBG-DR funding:

Boyd County, Caldwell County, Christian County, Clark County, Clay County, Estill County, Floyd County, Fulton County, Greenup County, Hart County, Hickman County, Jackson County, Johnson County, Knott County, Laurel County, Lawrence County, Lee County, Leslie County, Letcher County, Lincoln County, Logan County, Lyon County, Madison County, Magoffin County, Marion County, Marshall County, Martin County, Morgan County, Muhlenburg County, Ohio County, Owsley County, Perry County, Powell County, Pulaski County, Rockcastle County, and Taylor County

3.5 Ineligible Activities

Beneficiaries will need to be notified of ineligibility through mail or electronically.

Activities ineligible for assistance from the program include but are not limited to the following:

- Properties that are:
 - Second homes (as defined in section 3.7).
 - Foreclosed homes
 - Detached structures (for example, a shed or detached garage).
 - Properties located in a floodway
 - Properties located in areas where federal assistance is not permitted
 - Single family homes that have been converted for 100% exclusive business use and that is not the primary residence of the applicant(s).
 - Attached structures that would require fundamental alterations of shared structural elements (ex. foundation, roof, shared walls, etc).
- Forced mortgage payoffs.
- Small Business Administration (SBA) home/business loan payoffs.
- Compensation payments (for example, a payment for the value of storm damage received).
- Assistance for homeowners who previously received federal flood disaster assistance, that required obtaining and maintaining flood insurance and did not maintain the required flood insurance.

- Assistance for homeowners for recovery who were located in a floodplain, did not carry flood insurance, and earned a household income equal to or greater than 120% AMI at the time of application.
- Business entities, including but not limited to, limited liability companies, partnerships, and corporations.
- Income payments, which are defined as grants to an individual or family that are used to provide basic levels of food, shelter (i.e., payment for rent, mortgage and/or utilities) or clothing;
- Luxury or non-standard items, such as swimming pools, Jacuzzis, high-end appliances, window air conditioners, washers and dryers, etc.; and
- Labor time for sweat equity may not be paid out to recipients of rehabilitation assistance.

3.6 Homeowner Rehabilitation and Reconstruction

3.6.1 Eligible Activities

To meet the unmet housing recovery and resilience needs of each eligible applicant, Subrecipients may include a variety of eligible homeowner assistance and recovery program activities. Awards will be provided to fund necessary repairs, reconstruction, or replace the damaged property per program guidelines. All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the SFHA (1% annual chance [or 100-year] floodplain) or equivalent FEMA data source, that receive assistance for new construction, reconstruction, rehabilitation of substantial damage, or rehabilitation that results in substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least 2 feet above the 1% annual chance floodplain elevation (base flood elevation). Structures that are elevated will meet federal accessibility standards.

Eligible costs also include demolition and removal of the original structure, if needed.

In addition, funds may be provided to address site-specific accessibility needs, infrastructure repairs, site remediation, elevation, rental assistance, and resilience and mitigation measures.

3.6.2 Eligible Structures

Owner-occupied units of single-family homes, modular homes, and manufactured homes are eligible for the Program. Recreational Vehicles (RV), house boats, and campers are not eligible, even if the applicant occupied one of these as a primary residence.

Any owner-occupied single-use or mixed-used structure that contains two (2) or more units or that is primarily used as a business, such as motels, inns or bed and breakfasts, or commercial enterprises are not eligible for the Program

Eligible structures and owners must meet the following criteria:

- The damaged property must have been the applicant's primary residence at the time of the disaster.
- Owner occupied home must be in HUD or State MIDs.
- Owner-occupied units in multi-unit properties, such as cooperative and condominium units, are eligible for the Program. Homeowners will need the approval of the condominium association or cooperative for the construction plan and must have the association or cooperative provide insurance information before a grant can be awarded.

3.6.3 Ineligible Structures

Structures ineligible for assistance include the following:

- Second homes; (as defined in section 3.7).
- Foreclosed or seized homes;
- Property not covered by flood insurance at the time of the storm if previously funded with federal funds requiring the maintenance of flood insurance;
- Property located in a FEMA-designated 100-year floodplain that did not maintain flood insurance and had a household income equal to or more than 120% AMI at the time of application and are receiving CDBG-DR funds to recover from the storm;
- Seasonal, short-term and vacation rental properties;
- Portion of an applicant's home used exclusively for non-residential purposes;
- Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within runway clear zones of either a civil or military airport;
- Recreational Vehicles and camper trailers used as a residence;
- Houseboats used as a residence;
- Garage, carports, sheds and outbuildings not attached to the main dwelling unit. Improvements must be physically attached to the house and be permanent in nature.

3.6.4 Ownership

The property owner must have occupied the home at the time of the disaster and own the property at the time of application. An individual with Power of Attorney (POA) for the owner occupant may complete the application on the applicant's behalf. The home must have been the applicant's primary residence at the time of the disaster. Allowable ownership arrangements include traditional fee simple ownership, cooperative and condominium, and ownership of a residence on leased land.

3.6.4.1 Verification of Ownership

Whenever possible, ownership will be verified by title searches in public records. If ownership cannot be verified through a public title search, homeowners will be asked to provide appropriate documents.

Acceptable documentation may include but is not limited to:

- Tax records for the years 2020 and 2021 or 2022 that show the applicant occupied the property at the time of the storm and owns the property at the time of application or,
- Deeds or other legal documents will be reviewed on a case-by-case basis.

3.6.5 Other Special Ownership Circumstances

The program will consider special circumstances related to ownership on a case-by-case basis and revise this policy, as needed. The following special policies have been established:

3.6.5.1 Foreclosures

Homeowners whose homes have been foreclosed are not eligible for Program assistance, however if they are in the process of a foreclosure the program will evaluate those properties for eligibility. Subrecipients are responsible for all foreclosure documentation and referrals to the housing counseling program. The following applies to those homeowners that are in the foreclosure process:

- Mortgage should be brought current and the lis pendens removed;
- Homeowners are encouraged to participate in Housing Counseling; and
- Homeowners must demonstrate their ability to retain ownership of the home throughout the completion of the project.

3.6.5.2 Death of Owner Occupant

If the owner of record at the time of the storm has died prior to grant agreement, another person who occupied the residence at the time of the storm and in legal possession of the property is eligible for the Program if they otherwise meet the eligibility requirements.

Should death occur to an applicant post-grant award, the heirs are eligible to receive the balance of the grant award in order to complete the project but have no requirement to re-occupy the home.

3.6.5.3 Owner Occupants who have Sold their Homes

Homeowners who have sold their storm damaged homes are not eligible for assistance under the Program, and eligibility does not transfer to the new owner.

3.6.5.4 Limited Liability Company (LLC) and Limited Liability Partnership (LLP)

In those instances, in which title to the damaged property may be held by a Limited Liability Company (LLC) or a Limited Liability Partnership (LLP), the applicant must establish that the LLC or LLP was formed for estate planning purposes or liability concerns. Ownership must be established by providing all necessary information, including but not limited to, certificate of formation, tax returns for the company or partnership, operating agreement, and a certificate of good standing. Each LLC or LLP should be evaluated by on a case-by-case basis for program compliance. If the sole purpose or reason for forming either a LLC or LLP is for a business purpose or venture, then the homeowner would be deemed ineligible.

3.6.6 Primary Residency and Occupancy

Homeowners must have occupied the property as their primary residence on the date of the storm. Second homes, vacation homes, and rental properties are not eligible for a program grant award. Verification of primary residence is determined through evaluation of multiple data sources and documents. The preferred verification is a Kentucky driver's license or Kentucky non-driver identification card dated prior to the date of the storm which shows the damaged residence as the applicant's address.

Alternative documentation will be considered if the primary residence cannot be confirmed as above. If an applicant is unable to provide driver's license or non-driver identification card the applicant must present at least two of the following documents as verification of proof of primary residence:

- FEMA records showing that the applicant reported to FEMA that the property was the applicant's primary residence at the time of the storm;
- Federal tax return documents for 2020 and 2021 or 2022 indicating damaged residence is primary residence.
- Voter registration card showing the damaged residence; or
- Other documentation offered by the applicant may be considered on a case-by-case basis.

3.6.7 Damage Verification

Eligible properties must have sustained verifiable damages, as a direct result of the 2021 Storms. The program may use a damage assessment completed through the following methodologies to verify the property sustained damages:

- FEMA individual assistance inspection or verified real property or manufactured home loss
- SBA home and property loan inspection verified real property or manufactured home loss
- Insurance adjuster estimate or property payout

- Letter from local government, long-term recovery group, or private non-profit demonstrating damages to the dwelling

Note: Subrecipients must contact DLG for specific questions if reconstruction or substantial rehabilitation is anticipated. There are additional regulatory requirements that will be required for reconstruction or substantial rehabilitation.

3.6.7.1 Reconstruction

Program funds may be used to rebuild damaged or destroyed structures if any of these conditions apply:

- The property is declared a total loss.
- Repairs would exceed 50% of the cost of reconstruction.
- Repairs would exceed 50% of the pre-disaster fair market value.

Reconstruction estimates are the only type of estimate performed when a home is unsafe to enter or has been demolished or partially demolished.

3.6.7.2 Substantial Rehabilitation

Substantial Damage is defined as damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR § 59.1). Local jurisdictions determine substantial damage.

3.6.8 Maximum Award

DLG is setting a maximum award of up to \$1,000,000 per applicant that will serve multiple beneficiaries within jurisdictions. Each rehabilitated or reconstructed home is eligible for a maximum award of \$200,000 per property in the form of a grant for costs less than \$50,000 and a forgivable loan for costs above \$50,000. DLG will consider exceptions to the maximum award amounts when necessary and in compliance with federal regulations.

3.6.9 Manufactured Housing Unit Repair and Replacement

A Manufactured Housing Unit (MHU) is a structure that is transportable in one or more sections. In the traveling mode, the home is eight (8) body-feet or more in width and forty (40) body-feet or more in length. It is at least three-hundred and twenty (320) square feet, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. The MHU also includes plumbing, heating, air-conditioning, and electrical systems. The structure must be designed for occupancy as a principal residence by a single household.

The default feasibility for all MHU projects will be reconstruction at the current site (as opposed to rehabilitation or relocation to an alternate site), unless the program determines a different process is more cost effective or necessary. Reconstruction of an MHU shall consist of removal and disposal of the existing MHU and replacement of the former MHU with a newly manufactured or pre-owned one meeting the Program standards for quality, energy efficiency, and serviceability.

3.6.9.1 Ineligible Structures

Structures ineligible for assistance include the following:

- Manufactured homes with a serial number different than that on the title documentation submitted to the Program and/or on inspection report photos.
- Manufactured homes constructed prior to the enforcement of the Manufactured Home Construction and Safety Standards, effective June 15, 1976, are not eligible for rehabilitation and must be replaced.
- R/Vs or Campers

3.6.9.2 Ownership

Ownership of the manufactured home can be established by providing any of the following, dated before the appropriate qualifying event referenced above:

- A Certificate of Title from the Department of Motor Vehicles.
- Tax Assessor records showing land with a manufactured home assessment in the name of an applicant.
- Title from the county land records showing manufactured home ownership.
- The bill of sale or similar executed by the applicant, as transferee, and the previous owner or dealer as transferor.
- Property tax bill listing immobilized manufactured home.
- Manufactured home loan mortgage statement.

3.7 Definition of a Second Home

Per the requirements in the Consolidated Notice 87 FR 31636, properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for assistance for rehabilitation, reconstruction, new construction, replacement, or incentives. A second home is defined as a home that is not the primary residence of the owner, a tenant, or any occupant at the time of the disaster or at the time of application for CDBG-DR assistance.

3.8 Other Flood Insurance Requirements

3.8.1 Flood Insurance Requirements for Homeowners Receiving Prior Disaster Assistance

In accordance with the Stafford Act, homeowners that previously received disaster recovery assistance after September 14, 1994, are required to obtain and maintain adequate and necessary flood insurance coverage. The subrecipient is required to verify prior to executing a grant award that any homeowner that has received prior disaster recovery assistance has maintained flood insurance. Homeowners will be asked as part of their eligibility verification:

- If the homeowner has received any flood event related assistance for damage to this property from any Federal source for any previous Presidentially declared disaster (occurring after September 14, 1994) that required the mandatory purchase of flood insurance pursuant to National Flood Insurance Program (NFIP) regulations.
- Which flood disaster event the homeowner received federal funds for.
- The amount of federal assistance related to flood that was received.
- If the homeowner carries flood insurance.
- If the insurance coverage is currently in effect.

If the homeowner is determined to have received prior federal disaster recovery assistance and has failed to maintain the adequate and necessary flood insurance, the homeowner is ineligible for the Program.

3.8.2 Communities in the Special Flood Hazard Area

Assistance for the rehabilitation or reconstruction of a home in the SFHA in communities that do not participate in the National Flood Insurance Program (NFIP) are not eligible for this Program because they are prohibited to receive federal assistance.

3.8.3 Households over 120% AMI located in the SFHA without Flood Insurance

Per the requirements in the Consolidated Notice 87 FR 31636, homeowners are ineligible for the rehabilitation or reconstruction of a home, and are therefore ineligible for this program if ALL of the following are true:

- The combined household income is greater than either 120 percent of AMI or the national median.
- The property was in a floodplain at the time of the disaster.
- The property owner did not obtain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.

3.9 Income Verification

The program will use the 1040 method (using the most current 1040, 1040A, 1040 EZ, or IRS Form 8879) to calculate household income, using the HUD Income Limits listed on the program website. These income limits will remain in effect until HUD issues Income Limits for the subsequent year. In accordance with CDBG-DR guidelines, the program will not require use of the 1040 long form. The program will use HUD's income calculator to perform this calculation, or an equivalent procedure.

If a homeowner has already completed an income determination prior to the new HUD income limits being published, then the income determination will stand under the income year that the determination is made.

If a homeowner is still in the process of providing documentation for an income determination but documentation is not complete and no income determination has been made at the time the income limits change, then the applicant will be qualified under the new HUD limits.

Income is used to classify households as either LMI households or non-LMI households based upon the income limits published by HUD. Income is also used to determine under which program phase an applicant qualifies.

Income will be based on the income of the of the household members. The following persons are considered household members:

- All adult household members living in the unit except live-in aides and foster adults.
- All children living in the unit except foster children. Children who are in the process of being adopted are included. Children who occupy the unit at least fifty percent (50%) of the time under a shared custody agreement are counted. Children who are away at school but live in the household during school recesses are included.
- Guests or others staying in the unit on a temporary basis are not counted as household members.

4 City, County, or Tribal Government Subrecipient Application

4.1 Application Process

This section provides an overview of the application process. In this document, the term applicant refers to cities, counties, or tribal governments that will be subrecipients. Subrecipients will complete an initial reconnaissance of homes and beneficiaries in their jurisdiction eligible for rehabilitation and reconstruction prior to submitting an application to DLG. An application window will be provided to eligible subrecipients. In order for these applications to be eligible, subrecipients must

establish that their program responds to a demonstrated need, provides an impact to vulnerable communities, meets a national objective, qualifies as a CDBG-DR eligible activity and is located in a disaster-affected area.

Application approval and associated funding decisions will be made through evaluation of threshold criteria related to the grant application and subject to funding availability.

For applications to be eligible, the subrecipient must show that the project will:

- Respond to a demonstrated need
- Impact vulnerable communities
- Meet a national objective
- Qualify as a CDBG-DR-eligible activity
- Be located in a declared disaster-affected area

4.2 Application Method

Applications will be accepted until all grant funds are expended.

Subrecipients must download the CDBG-DR Housing Application located on the website [Kentucky DLG - DRP Grants](#) and submit with all attachments to:

- Dlg.ofg@ky.gov; or
- Dlg.dr@ky.gov

DLG will conduct a threshold review and any applications that are submitted incomplete or missing attachments will be placed on hold. The program will make attempts to contact the applicant to assist with application completion.

4.3 Application Requirements

An application is considered complete if it includes the following components:

- A signed, dated, complete original copy of the **CDBG-DR Owner-Occupied Rehabilitation Program Application available on the Kentucky DLG - DRP Grants website.**
- And all of the following:
 - Cost Summary-OOR Cost Summary provided on website: [Kentucky DLG - DRP Grants](#)
 - Expenses
 - National Objective
 - Attach Homeowners List
 - Detailed Housing Cost Estimate- Template provided on website: [Kentucky DLG - DRP Grants](#)
 - Preliminarily identify homes and eligible LMI homeowners
 - Potential homes are located in one of the HUD or State MIDs
 - Stand-by units list

- Public Hearing documentation and other Citizen Participation requirements as found in Chapter 1 of the Subrecipient Manual
- Person and Household Benefits Profile- Template provided on website: [Kentucky DLG - DRP Grants](#)
- Title VI Form- Description found in Chapter 1 of the Subrecipient Manual and the Form (7-2) is found in Chapter 7.
- **Documents to Attach:**
 - Project Area Map with boundaries
 - Grant Administration Plan: for more information refer to **Appendix A**
 - Proposed Designs and Plans (Project Scope)
 - Authorizing Resolution to submit the application adopted by the community's governing body
 - All Funding Commitment Letters
 - Kentucky State eClearinghouse Endorsement
 - Letter of determination of eligibility for listing on the National Register of Historic Places from the Kentucky Heritage Council, and clearance from the State Historic Preservation Officer
 - If project involves a non-profit organization, please provide proof of the non-profit organization's 501(c)(3) status to prove eligibility.
 - Documentation to substantiate that conflict of interest provisions have been discussed with the governing body and possible recipients.
 - DLG reserves the right to request any additional information as necessary.

4.4 Withdrawn Applications

4.4.1 Voluntary Withdrawals

Subrecipient applications may be withdrawn by an applicant at any time. All parties who wish to withdraw must clearly provide a written notice of their intent to voluntarily withdraw to the entity they originally applied to with a copy to DLG. The subrecipient will send the homeowner a written notice of acknowledgement of voluntary withdrawal.

4.4.2 Administrative Withdrawals

Subrecipient applications may be administratively withdrawn by DLG for the following reasons:

- Required documentation or information is not submitted within the deadline provided in the application for participation in the program;
- DLG determines that there is a duplication of another valid application or conflicting program such as the Hazard Mitigation Grant Program (HMGP);
- Subrecipient becomes unresponsive.

Subrecipients are required to develop their own withdrawal policy which includes the following reasons for withdrawal from the program:

- Any homeowners that fail to provide required documentation or information within the deadline described in the written request. Homeowners will receive a notice giving them fifteen (15) days to provide the required information.
- The program confirms that an application is a duplication of another valid application or conflicting Program such as the Hazard Mitigation Grant Program (HMGP).
- A homeowner is determined to have provided false or misleading information.
- A homeowner becomes unresponsive.
- A homeowner is aggressive and/or abusive to a DLG employee or any other representative or affiliate of the Program, including, but not limited to, Program Representatives.

4.5 Description of Standard Prioritization Process

DLG will establish a competitive scoring rubric for applications that will be based on the following criteria:

- Project is located in one of the HUD- or grantee-identified MIDs (preference will be given to HUD-identified MID areas)
- Project readiness is demonstrated by an implementation plan including program milestones that will be met
- Project service area, including each damaged unit and a stand by units list
- Grant Administration plan is provided
 - Stipulates the roles and responsibilities of all team members involved and sets forth how and when all activities will be implemented
- Potential homes and eligible homeowners are preliminarily identified
 - Projects must be comprised of 100% LMI households OR
 - Able to demonstrate Urgent Need
- Housing Project Overview
 - Identifies the project area, anticipated purchases prices, income levels of the target market, the marketing activities designed to reach the target market, and documents the existence and interest of targeted beneficiaries.
- All sources of funds are identified and committed
- Anticipated budget that is provided is cost-reasonable
- The degree by which proposed designs and plans will mitigate future hazards and meet a green building standard is appropriate
 - The project scope takes into consideration the specific location of the unit(s) and will plan accordingly for the specific hazards and natural features that would affect or be affected by the project, as feasible
 - Energy-efficient appliances will be included in the units, if replaced

- Green building standards as outlined in the program guidelines have been acknowledged and will be followed during the construction process

A sample of the ranking criteria is available on the Disaster Website located here [Kentucky DLG - DRP Grants](#).

4.6 Subrecipient Award Notification

Once applications have been scored and an award is determined, subrecipients will be notified directly from DLG. DLG will provide a preliminary approval letter that includes the following:

- Award amount;
- Project completion date;
- Environmental Review requirements;
- Procurement requirements; and
- Any missing information that is needed to proceed

Subrecipients must indicate acceptance of the conditions by signing the preliminary approval letter and returning to the DLG office. No costs can be incurred until the subrecipient has entered into a grant agreement with the Commonwealth and received Environmental Clearance.

4.7 Subrecipient Responsibilities

Subrecipients will act as an agent on behalf of the homeowners to provide rehabilitation services including, cost estimation, issuance of contracting documents, inspections, and approvals.

In addition, at the homeowner application phase, the subrecipient will be responsible for collecting and completing a duplication of benefits calculation. That information will be shared with DLG who will calculate an award for each homeowner based on the DOB calculation. The subrecipient will then share that award with the homeowner who will be able to appeal the decision. More information about the DOB process can be found in section 5.

Note: A sample of a Homeowner Authorization Form can be found here: [Kentucky DLG - DRP Grants](#).

4.7.1 Homeowner Application Intake

Once eligibility has been established, homeowners application intake can begin. The following information should be included on all homeowner applications:

- Name, address, phone number
- Household composition
- Race, ethnicity, and disability status
- Source and amount of income for all household members
- Description of assets

- Length of ownership
- Mortgage or lien holders
- Insurance coverage
- Utility types and monthly costs
- List of property damages and improvements needed
- Completed Duplication of Benefits forms:
 - 10-04 DLG Owner-Occupied Rehabilitation and Reconstruction DOB Form
 - 10-08 DOB Attestation Certification
 - 10-11 Subrogation Agreement
- Insurance information including:
 - insurance provider contact information;
 - policy coverage information and ID; and
 - claims information and amounts received and approved for all potentially duplicative sources.

Note: A Template for the Homeowner Housing Rehabilitation Assistance Application can be found here: Kentucky DLG - DRP Grants.

4.8 Housing Counseling and Legal Aid Assistance

The program will provide referrals where Housing Counseling is available.

Housing counseling and legal services providers will help impacted residents, vulnerable populations, and members of underserved communities expedite their recovery by:

- Providing access to fair housing information for participants
- Providing guidance and counseling services to LEP households
- Assessing housing needs and financial resources and addressing other concerns about short- and long-term housing
- Discussing the unique assistance needs and resources that are available
- Connecting with State and local recovery resources
- Communicating with lenders, insurance companies, and government agencies
- Supporting application intake and assisting with the necessary paperwork for recovery programs, thereby reducing barriers of entry into recovery and other funding programs
- Reviewing income, expenses, credit, and debt and helping to develop ways to improve a participant's financial situation
- Providing other housing navigation services, as needed

Housing counseling and legal aid services are recommended for homeowners who meet the following criteria:

- **Homeowners who are going through a property foreclosure process.** It is recommended that homeowners participate in housing counseling to assess their options for retaining their home. The housing counselor will calculate the debt-to-income ratio and provide this information to the program. The program will then determine whether the application is a viable project based on the homeowner's ability to maintain the property through completion of construction and meeting occupancy requirements (program closeout). Those who are unable to demonstrate they can maintain their property through program closeout may not be eligible to proceed through the Program.
- **Homeowners that have applied to multiple recovery programs.** Some CDBG-DR, state and federal recovery or mitigation programs do not allow homeowners to receive assistance from other recovery or mitigation programs. Homeowners should receive housing counseling services to ensure they understand their options and potential benefits under each of the programs. This will allow them to make an informed decision that is best for their household prior to withdrawing from one of the programs.

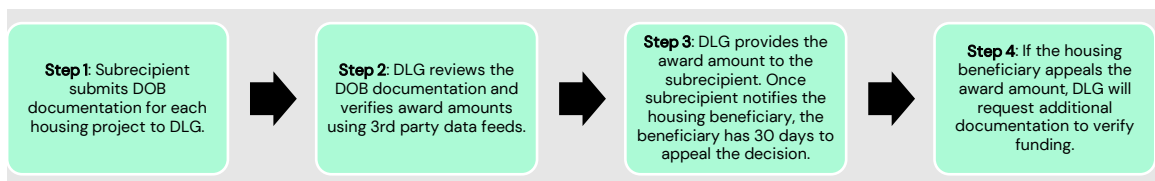
4.9 Non-profit partners

Subrecipients are eligible to partner with local, non-profit organizations in Kentucky to administer all or part of a CDBG-DR program, as memorialized in a legally binding agreement. If a non-profit entity would like to apply directly for these funds they must contact DLG for more information on this process.

5 Duplication of Benefits

The Duplication of Benefits process is described in detail in chapter 10 of the CDBG-DR subrecipient manual.

Subrecipients are responsible for collecting all documentation pertaining to duplication of benefits (DOB) that will be verified by DLG.



Homeowners must report all assistance they have been awarded or available to repair/reconstruct their homes from third-party sources such as flood and homeowner's insurance, Increased Cost of Compliance (ICC), Federal Emergency Management (FEMA) assistance, loans from the Small Business Administration (SBA), and any assistance from other government or private non-profit sources. Any funds received from these sources to repair or reconstruct the damaged dwelling must be considered when the amount of the grant is determined. Funds received from these sources for

other purposes such as temporary housing and replacement of household contents are not considered a DOB. Personal funds or private mortgages used to repair the damaged dwelling are not considered in the DOB calculation.

6 Inspections and Environmental Review

6.1 Site Inspections

Once a homeowner has been determined to be eligible, the home is now ready for a Site Inspection. A very thorough inspection of the property must be conducted by the Subrecipient to determine the type and cost of work necessary to bring the property into compliance with applicable code and regulations. After the inspection, the work to be done should be written down. This is termed a work write-up. At this stage, the items must be estimated in terms of cost, a process to produce a cost estimate. A Sample Work-Write up and Cost Estimate Form are provided with Chapter 6 of the Subrecipient Manual.

The purpose of the Site Inspection (SI) is to confirm existing site conditions, to make property eligibility determinations, establish project feasibility and scope, and to confirm substantial damage conditions.

Applicant and property information will be made available to the Inspector(s) performing the site visit. This section outlines the policy that the subrecipient will use when performing an SI and related work, including the development of cost estimates for work performed prior to the SI and work remaining, assessment of lead paint, asbestos, mold hazards, and program environmental reviews conducted on the property. The SI and related work may be conducted over several site visits.

The SI and related work are composed of the following:

1. Inspection and work write-up to determine the scope of work remaining in accordance with inspection protocols and program specifications. This inspection will result in a feasibility determination of either reconstruction, rehabilitation, and/or elevation.
2. Work in Place (WIP) completed by the applicant for use in the Duplication of Benefits Analysis. The inspector performing the site visit will determine the scope and quality of any eligible completed repairs. To verify the WIP, homeowners will be required to provide copies of invoices, contracts and/or receipts.
3. Licensed lead inspectors and/or risk assessors are required to perform assessments for lead hazards.
4. Subrecipients will perform an environmental review.

6.2 Environmental Review

This section is intended to describe the approach to compliance with the National Environmental Policy Act (NEPA) for the Program. The Program is funded by

Community Development Block Grant (CDBG) Disaster Recovery funds awarded to the State of Kentucky by the U.S. Department of Housing and Urban Development (HUD), thereby triggering the applicability of NEPA.

The NEPA process consists of an evaluation of the environmental effects of a federally proposed action and its alternatives. There are three levels of analysis: categorical exclusion, Environmental Assessment (EA), and Environmental Impact Statement (EIS).

- **Categorical Exclusion:** An undertaking may be categorically excluded from a detailed environmental analysis if a federal agency has previously determined that the action typically has no significant environmental impact, and they have included the action in a list of exclusion categories in their NEPA implementing regulations. A list of activities identified by HUD as categorically excluded from detailed NEPA review can be found at 24 CFR Part 58.35.
- **EA: Environmental Assessment.** The second level of analysis under NEPA is an EA, which is prepared to determine if a federal action would have a significant effect on the environment. If the answer is no, the agency issues a Finding of No Significant Impact (FONSI). The FONSI may include mitigation measures that are required to mitigate environmental impacts, so they are less than significant.
- **EIS: Environmental Impact Statement.** An EIS is a more detailed evaluation of the potential environmental effects of the proposed action and alternatives. An EIS can be prepared following the completion of an EA or, if a federal agency anticipates that an undertaking may significantly impact the environment, they may choose to prepare an EIS without having to first prepare an EA. The decision document for the EIS is a Record of Decision (ROD), which states the agency's decision and how the findings of the EIS, including consideration of alternatives, mitigation measures, and agency and stakeholder input were incorporated into the agency's decision-making process.

Please refer to the Subrecipient Manual: Chapter 2 for more details on the Environmental Review procedure and roles and responsibilities for Subrecipients.

6.2.1 Tiered Reviews

DLG will employ a tiered approach to NEPA compliance for the Program. With a tiered approach, the “action” is evaluated at various stages in the development process as more information is available for environmental assessment or review. This approach is consistent with and detailed in the “Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities,” 24 CFR 58, specifically 24 CFR 58.15 (Tiering) and 24 CFR 58.32 (Project Aggregation).

As the first step, or Tier I level of review, an EA will be completed for the Program for the HUD and State MID counties. Tier 2 environmental reviews will be

conducted for each property being evaluated under the Program. The Tier 2 reviews will be conducted by the subrecipient. The Tier 2 reviews will identify sites with specific environmental issues requiring a site visit or additional agency consultation and will be documented in an Environmental Review Record (ERR). The Tier 2 reviews will be conducted by the subrecipient in a manner that satisfies the requirements of NEPA and HUD's NEPA implementing regulations (24 CFR 58).

In addition, the reviews will address compliance with all other relevant Federal environmental laws, regulations, and Executive Orders (EO), such as the National Historic Preservation Act, EOs 11988 – Floodplain Management, EO 11990 – Protection of Wetlands, and EO 12898 – Environmental Justice. The environmental review may identify the need for environmental mitigation measures to be incorporated into the scope of work for the proposed action or for the action to be redesigned to avoid certain environmental impacts.

No reconstruction, rehabilitation, elevation, or mitigation work, or reimbursement can begin until the Tier 1 environmental reviews have been completed and Authorization to Use Grant Funds (AUGF) received, and the Tier 2 ERR has been completed and approved for the subject property. Construction activities must be performed in a manner that fully complies with any requirements identified in the Tier 2 review. DLG Monitoring Teams will ensure compliance.

6.3 Blackout Period/Stop-Work

“Blackout” or “stop-work” refers to the period of time from the application date through the completed environmental review where no work should be performed in relation to the home. Work performed during this period may not be eligible for reimbursement and/or may result in the project being ineligible to proceed within the Program.

Exceptions to the “stop-work requirement”, approvable only by DLG, may be allowed in the event an applicant entered a written contract with a contractor prior to applying to the Program. In such cases an applicant may not enter into new contracts, engage additional laborers, execute any change orders to existing contracts, or purchase materials after application to the Program and prior to completion of an environmental review.

Failure to comply with the “stop-work requirement” or eligible exceptions to the “stop-work requirement” may result in ineligibility for all or partial Program funding. Subrecipients should consult with a DLG Program Representative prior to making any additional contract decisions during the mandatory blackout/stop-work period.

6.4 Lead-Based Paint

All units in a project assisted with CDBG-DR funds must comply with 24 CFR Part 35, which implements Title X of the Housing and Community Development Act of 1992, also referred to as the Lead Safe Housing Rule (LSHR). This regulation,

effective since September 15, 2000, and Subpart J applies to rehabilitation projects. The applicability of the requirements for Subpart J depends on the level of assistance provided for a project. The levels of assistance and the applicable requirements are:

- <\$5,000. Paint testing of surfaces to be disturbed must be completed. Paint testing must be conducted by a certified paint inspector or risk assessor.
- \$5,000-\$25,000. A risk assessment must be performed of the entire unit. A risk assessment must be conducted by a certified risk assessor.
- >\$25,000. A risk assessment must be performed of the entire unit. A risk assessment must be conducted by a certified risk assessor.

More information and required forms are provided in the “Lead for Housing Projects” section of the Subrecipient Manual Chapter 2.

For each unit assisted, the subrecipient must ensure that the property owner provided the EPA pamphlet titled Protect Your Family From Lead in Your Property (Form 2-19).

If the risk assessment identifies the presence of lead-based paint or lead-based hazards then the rehabilitation specialist shall verify that the remediation of lead-based hazards are properly included into the scope of work for the property. The applicant and tenants who reside in the property shall be provided with a Notice of Lead Hazard Evaluation (Form 2-25) or Presumption (Form 2-26) pertaining to presence and location of lead-based paint hazards within fifteen (15) days of the evaluation. It is important to note that if lead is found in a tenant unit, and there is tenant turnover-the future tenant must be made aware of the presence of lead in the unit. Subrecipients also have the option to presume there is lead in the unit rather than paint testing or risk assessments. If the subrecipient utilizes the presumption of lead option, the scope of work must address all painted surfaces. Subrecipients should note that this approach may raise the cost of the work as non-lead surfaces will be required to be treated as if they contained lead. Also, if the presumption method is followed, a ‘Notice of Presumption’ must be provided to the tenant within 15 days of performing the initial inspection. DLG will provide a sample notice of presumption as requested.

Contractors performing work on structures built prior to 1978 or performing work on properties with lead-based paint hazards, must provide documentation of current EPA RRP certification as required in 40 CFR Part 745 Subpart E. Contractors will also be required to submit documentation which shows they are qualified to perform lead work such as: proof they attended a safe work practices training session (for jobs involving safe work practices), and copies of the Kentucky certification for abatement supervisor and workers (for jobs involving abatement). Contractors unable to provide this documentation will not be eligible to perform work funded by this program.

All firms performing, offering, or claiming to perform renovations, repairs, or rehabilitation or compensation on damaged properties constructed pre-January 1,

1978, must comply with the EPA's Renovation, Repair, and Painting rule and the EPA's Lead Pre-Renovation Education rule. This means that all general contractors performing rehabilitation on program properties that are pre-1978 housing must be an EPA-certified firm.

The subrecipient is responsible to provide a lead abatement contractor to DLG for validation, prior to performing any required lead hazard abatement work. Certified lead-based paint contractors may be found on the State of Kentucky's Health Department website at: <https://chfs.ky.gov/agencies/dph/Pages/default.aspx>. The program will monitor the lead abatement process and provide for an interim clearance report as necessary or required. At the conclusion of the abatement, the abatement contractor/applicant will coordinate with DLG to schedule a lead clearance examination.

A copy of the final lead hazard clearance report must be provided to all tenants who reside in program-assisted units within fifteen (15) days.

Finally, during the abatement process, no rehabilitation work should occur within, and no entry should be made into, the area for which clearance is requested until the clearance inspection occurs and clearance is achieved.

6.5 Asbestos-containing Materials

Asbestos is a mineral fiber that was commonly added to products to strengthen them, and to provide heat insulation and fire resistance. Asbestos is commonly found in older homes where it was used for pipe and furnace insulation, in asbestos shingles, millboard and Transite siding, floor tiles, and a variety of other coating materials. The only way to determine whether a material is asbestos (containing more than 1% asbestos by volume) is through Polarized Light Microscopy.

The handling of asbestos-containing materials is regulated by the Environmental Protection Agency (EPA) under the National Emissions Standards for Hazardous Air Pollutants (NESHAP), 40 CFR Part 61, and the Occupational Safety and Health Administration (OSHA) under regulation delineated in 29 CFR 1926.1101.

All construction, demolition, and rehabilitation that is done in whole or in part with CDBG-DR funds must comply with state and federal asbestos removal requirements. It is the responsibility of the grantee, developers, owners, and contractors to know and comply with local, state, and federal construction standards.

6.6 Mold Assessment and Remediation

6.6.1 Mold Assessment and Testing

Demolition and/or Reconstruction Projects: Mold assessment and/or testing of the existing structure are not performed on reconstruction projects.

Rehabilitation Projects: All rehabilitation or repair projects require a visual assessment for mold by the damage assessor. If a visual inspection reveals the

presence of mold, additional testing is not necessary unless recommended by the damage assessor.

6.6.2 Mold Remediation

Currently, no governing standards establish acceptable levels of mold spores in the indoor air or on surfaces. Mold is present everywhere in the environment. For all projects, identified moisture sources should be eliminated prior to further remediation. Post-remediation dehumidification may be necessary to completely dry the remaining structural framing materials prior to construction. In cases where this occurs, the damage assessor may incorporate this into the Damage Assessment and ECR. If incorporated, mold will be required to be remediated by a general contractor when it is or was identified either at time of the initial inspection or during the general contractor's walk-through or construction and materials harboring mold will be cleaned or replaced.

6.7 Radon

Radon is a radioactive gas that cannot be seen, smelled or tasted. Radon gas is a natural substance that can be found in the dirt and rocks beneath houses, in well water and in some building materials. It can enter homes through soil, crawlspaces, foundation cracks, floors and walls. Once inside, it can sometimes become trapped in your home. All homes have some radon gas. Breathing high levels of radon can put you at risk for lung cancer. Radon is measured in picoCuries per liter of air (pCi/L). Radon levels inside houses below 4 pCi/L are considered acceptable.

The Environmental Protection Agency (EPA) recommends mitigation for residences with radon concentrations at or above 4.0 picocuries per liter of air (pCi/L) 2. The best way to mitigate radon is to prevent it from entering a building in the first place. Radon generally poses the greatest risk to occupants living at or below ground level. Occupants on the lower levels of structures are at risk of excess exposure if radon levels are elevated and these structures are not appropriately mitigated, or if they occupy new construction in areas with high radon that is not built using radon resistant construction methods.

Further information on mitigation strategies and maps of radon zones around the country can be found at <http://www.epa.gov/radon>.

6.8 Elevation Requirements

In accordance with HUD's Federal Register Notice governing the this Program, elevation requirements apply to all new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR § 55.2(b)(1). All structures, defined at 44 CFR § 59.1, designed principally for residential use and located in the 100-year floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR § 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation (the base flood elevation,

or BFE). Residential structures with no dwelling units and no residents below two feet above the 1 percent annual floodplain, must be elevated or flood proofed in accordance with FEMA flood proofing standards at 44 CFR § 60.3(c)(3)(ii) or successor standard, up to at least two (2) feet above the BFE. The definitions of “substantial damage” and substantial improvement are outlined in 44 CFR § 59.1 as transcribed below:

- “Substantial damage” means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.”
- “Substantial improvement” means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement.

Mandatory Elevation

- Properties located within the 100-year floodplain that are substantially damaged, will be substantially improved, or meets the Program reconstruction threshold and not yet elevated 2 ft. above base flood elevation (BFE) or 2 ft. above an interior high water mark.
- Properties that are required to be elevated by local ordinance or by the local code enforcement officials within and outside of the 100-year floodplain.

At a minimum, homes will be elevated to 2 ft. above the BFE as required by HUD or at least 2 ft. above the interior documented water marks as measured by the assessor, whichever documented water level is highest and reasonable. The Program is unable to elevate structures that are situated on leased land unless the permission of the landowner is secured.

Optional Elevation

If program funds allow, elevation assistance may be offered to other program participants who are interested in elevating their property. These instances should be reviewed on a case-by-case basis.

6.9 Green Building Requirements

All subrecipients must meet the Green and Resilient Building Standards. These standards are different for different types of rehabilitation and reconstruction. Below are definitions as well as descriptions of the requirements. Chapter 11 of the subrecipient manual should be referenced for links to the standards and the compliance checklists associated with them. Chapter 11 will also include the method of implementing and monitoring compliance with the requirements both before and after construction.

For rehabilitation of substantially damaged properties and reconstruction:

- Reconstruction - demolishing a housing unit and rebuilding it on the same lot in substantially the same manner
- Rehabilitation of substantially damaged properties – rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls.

The Green and Resilient Building Standard requires that construction assisted with CDBG-DR funds meet an industry-recognized standard which has achieved certification. Reference chapter 11 in the Subrecipient Manual for more information on the standards and the required form (11-1) to submit to DLG about the selection of your chosen standard.

The selected standard and any additional documentation regarding compliance must be included within the project file. The subrecipient shall engage a reviewer or inspector who:

- Will review the proposed project plans and specifications to ensure that the approach is aligned with the selected standard(s),
- Will perform inspections throughout the construction process to ensure that the project adheres to the selected standard(s), and
- Will provide final certification at the conclusion of construction to ensure that the standards were met.

The reviewer or inspector shall use the selected standard's compliance checklist documentation when reviewing the file at each predetermined point.

For non-substantial rehabilitation – rehabilitation of non-substantially damaged units. Subrecipients must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist (11-2). Subrecipients must apply these guidelines to the extent applicable for the rehabilitation work undertaken. An example of this would be using mold resistant products when replacing surfaces such as drywall. Products and appliances replaced as a component of the rehabilitation work, must be ENERGY Star-labeled, Water Sense labeled, or Federal Energy Management Program (FEMP) designated products or appliances. The HUD CPD Green Building Retrofit Checklist can be found in the forms section of Chapter 11.

7 Beneficiary Grant Determination and Award

7.1 Cost Estimation

Each rehabilitated or reconstructed home is eligible for a maximum award of \$200,000 per property in the form of a grant for costs less than \$50,000 and a forgivable loan for costs above \$50,000. DLG will consider exceptions to the maximum award amounts when necessary and in compliance with federal regulations. The subrecipient is required to develop a scope of work including an

estimate for the repair, replacement, and/or mitigation of the housing structure to meet Program requirements.

7.1.1 Ineligible Costs

Costs incurred for the items listed below are ineligible. Costs for ineligible work are required to be estimated during the damage assessment and reflect Program accepted costing principles.

Costs that are outside the CDBG-DR scope of work are not Program eligible. Any upgrades to the materials or scope of work must be paid out of pocket by the homeowner and directly to the contractor. CDBG-DR funds will not be issued until all ineligible expenses are paid. Ineligible items and activities include, but are not limited to, the following:

- Income payments, which are defined as grants to an individual or family that are used to provide basic levels of food, shelter (i.e., payment for rent, mortgage and/or utilities) or clothing;
- Luxury or non-standard items, such as swimming pools, Jacuzzis, high-end appliances, window air conditioners, washers and dryers, etc.; and
- Labor time for sweat equity may not be paid out to recipients of rehabilitation assistance.

7.1.2 Accessibility

Assistance for accessibility improvements for disabled homeowners or household members is required to be available upon request by the homeowner, disabled household member, or a family member or legal representative of a disabled family member. Any accessibility features that were present in the home of a disabled person and destroyed or damaged by flood waters is required to be assessed for replacement. Specialty accessibility items which may be included within the scope of work or design include, but are not limited to, the following:

- Ramps
- Lifts
- Roll-in shower stalls

These additional components and costs may be included with appropriate documentation or evidence to support the applicant's need. Cost reasonableness evaluation may be performed using an estimating platform or through bid responses.

7.1.3 Upgrades

Homeowners are discouraged from upgrading materials, appliances, and finishes. However, should the homeowner elect to modify or deviate from the designs or scope of work, they must use their own personal funds to do so. The

cost of these upgrades must be borne by the homeowner. The Program will not allocate funding for payment of any upgrades.

The amount that the Program will disburse, regardless of the increased level of finish or labor complexity, will only be the Program-eligible amount for the corresponding element. For example, should the applicant instruct the contractor to install marble countertops, the Program will only fund the amount equivalent to that of a laminate countertop. The applicant will be wholly financially responsible for the net upgrade amount.

Should a homeowner elect to deviate from or modify the design and/or scope of work elements, the modifications will only be allowed for those items that have minimal impact on the footprint of the building and do not violate the floor plan or building envelope such as flooring, trim, wall tile, windows, doors, cabinets, hardware, countertops, paint, plumbing and lighting fixtures, site-built showers, roof shingles, HVAC SEER rating, and appliances.

Further, if an item delivery or installation is delayed, the homeowner may be required to select a readily available alternative that is available and of comparable cost. Item delivery and/or installation delays may result in project ineligibility and recapture of expended Program funds.

7.2 Rehabilitation Only

If the construction intent for the property is rehabilitation, the starting point for calculating the applicant's rehabilitation or repair award is the Estimated Cost of Repair, which includes the gross amount of eligible prospective repairs needed to complete the rehabilitation of the home. This amount is then reduced by any funding determined to be a duplication of benefit.

7.3 Reconstruction Awards

Program funds may be used to rebuild damaged or destroyed structures if any of these conditions apply:

- The property is declared a total loss.
- Repairs would exceed 50% of the cost of reconstruction.
- Repairs would exceed 50% of the pre-disaster fair market value.

Reconstruction estimates are the only type of estimate performed when a home is unsafe to enter or has been demolished or partially demolished.

Cost estimates should be derived from a standard model house plan to establish the basis for the amount the homeowner is eligible to receive to reconstruct the home. Note that this is not the same as the cost that the applicant would incur if they were to rebuild their existing home with the existing finishes. It is the allowable costs established to rebuild the home that will meet HUD standards and cost reasonableness limits. This may result in a home of lesser square footage and/or lower grade finishes than the applicant's pre-storm home.

Reconstruction designs and estimates are based on the number of bedrooms and total eligible area as identified in the repair estimate or through the use of other data that yields the most accurate eligible square footage of the original structure.

The design should consider the original structure's bedroom count in conjunction with lot layout so as to present the applicant with a home that is compliant with site and Tier II requirements. The Program will not compensate for an increase in the number of bedrooms available to the homeowner nor for an increase to the number of units on the lot.

The replacement structure is designed to not exceed the general footprint of the original structure.

Deviations from the original design (such as the addition of another room) may be permitted for reasons of safety, occupancy, zoning, etc. Note, however, that adding rooms may constitute new construction. Contact DLG for specific questions if reconstruction is anticipated. Reconstruction of residential structures would also permit replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing, or a "stick built" structure if manufactured housing is not allowed under existing zoning.

All reconstruction projects must meet Kentucky Residential Code. For reconstruction, DLG requires the use of Kentucky Housing Corporation's (KHC) Specifications for New Homes (incorporating Minimum Design Standards and Universal Design Standards, if applicable). These specifications are available on the [KHC website](#).

7.4 Manufactured Housing Units

A Manufactured Housing Unit (MHU) is a structure that is transportable in one or more sections. In the traveling mode, the home is eight (8) body-feet or more in width and forty (40) body-feet or more in length. It is at least three-hundred and twenty (320) square feet, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. The MHU also includes plumbing, heating, air-conditioning, and electrical systems. The structure must be designed for occupancy as a principal residence by a single household.

The default feasibility for all MHU projects should be reconstruction at the current site (as opposed to rehabilitation or relocation to an alternate site), unless the subrecipient determines a different process is more cost effective or necessary. Reconstruction of an MHU shall consist of removal and disposal of the existing MHU and replacement of the former MHU with a newly manufactured or pre-owned one meeting the Program standards for quality, energy efficiency, and serviceability.

7.4.1 Structure Specific Requirements

A Lead Hazard Assessment will be completed for units built prior to 1978 if the program approves rehabilitation, then all federal Lead Based Paint regulations outlined in the program policy must be followed.

All new replacement MHUs will be required to meet Federal Construction Standards and appliances must meet Energy Star requirements.

If it is determined that the replacement of an MHU is prohibited, then the feasibility will be classified as rehabilitation, or the homeowner may elect to relocate to a low-risk area. A new Tier II Environmental Assessment would be required for the alternate parcel.

For reconstructions, the new replacement unit will be installed according to the standard four (4) to six (6) feet set-up height, unless the unit is in a flood zone where additional elevation may be required. Any unit that requires elevation over six (6) feet will require a more traditional foundation (i.e., a pile or concrete masonry unit foundation system). Reconstruction feasibility will require proper disposal evidenced by an Asbestos Disposal Manifest.

Program-based determination of damage is required to be performed on each MHU project. This determination is the basis for classifying an MHU as substantially damaged or non-substantially damaged.

7.4.2 Project Cost

The cost for replacements is required to be developed by using unit pricing based on the number of bedrooms in the damaged unit.

The cost for rehabilitations is required to be developed using program construction standards and standardized pricing.

The price of a parking pad is not an allowable cost, as it is considered an improvement of the land not attributable to the MHU itself.

Grant award funds disbursed should be limited to the lesser of the standardized pricing determined or the subtotal of invoices submitted by the applicant.

7.5 Elevation

Elevated reconstruction is offered when a property has been substantially damaged, will be substantially improved, or if the property meets the reconstruction threshold, as determined by the subrecipient. The subrecipient, through local code enforcement, permitting and planning, or floodplain management departments, may make determinations on substantial damage and substantial repair. The definition of substantial damage and substantial improvements are set at 44 CFR 59.1.

If a homeowner is deemed eligible for elevation assistance, the homeowner is required to reconstruct and elevate to participate in the Program, and the homeowner's commitment to elevate will be a condition to the receipt of any other Program grant award.

The cost of elevation will be included as part of the overall cost of rehabilitation or replacement of a property. Costs may vary depending upon location, size of the unit, and the height to which the property must be elevated.

The award cap includes pre-construction, design and engineering, permitting, and other required non-construction costs.

7.6 Award Notification

Once a homeowner's award has been calculated, the subrecipient is required to notify the homeowner in writing of the award.

An example award letter can be found in chapter 10 – duplication of benefits as form 10-10. It can be customized for housing projects.

The homeowner then has the options to either:

- Accept the award;
- Seek consultation for further explanation; or
- Appeal the award; or
- Reject the award.

If the homeowner elects to appeal the award calculation, they must file a written appeal and should include documentation such as detailed insurance documents, contracts, or receipts to support their appeal.

7.7 Homeowner Grant Agreement

All homeowner beneficiaries are required to sign a grant agreement to comply with Program requirements. Homeowners must disclose all owners at the time of applying for funds.

The Grant Agreement requires the owner to certify that they understand and agree to all the terms of the Grant Agreement including the following provisions:

- Award Calculation, which explains how other resources determined to be a DOB were handled and how the grant was calculated.
- Confirm that they owned the property at the time of the qualifying event and still own the property. Further, they have not received notices of default or seizure related to taxes, mortgage, or title;
- Confirm that they occupy the property as their primary residence;
- Insurance Requirements, which informs the homeowner of the requirement to obtain and maintain multi-peril and/or flood insurance and pass that obligation on to the subsequent owners.
- Agree to the subrogation requirements as detailed in Chapter 10 of the Subrecipient Manual;
- Deed restriction, where applicable, which requires all owners of the property to maintain FEMA flood insurance for the life of the property;
- Declaration of covenants and restrictions to ensure project completeness and that it meets a national objective.

- Execute other program documents as necessary.
- Discuss the terms of the subrecipient acting as the homeowner's agent during construction.

All self-certified information may be investigated by the Program, HUD, or other entities at a later date. Homeowners are under an obligation to comply with any Program request for verifying documentation that supports a self-certification, even after awards have been granted and the file has been closed.

In accordance with the Stafford Act, homeowners that previously received disaster recovery assistance after September 14, 1994, are required to obtain and maintain adequate and necessary flood insurance coverage. The subrecipient is required to verify prior to executing a grant award that any homeowner that has received prior disaster recovery assistance has maintained flood insurance. Homeowners whose property is located within the special flood hazard area are required to obtain and maintain flood insurance on their property if they previously received federal disaster assistance. Failure to maintain flood insurance on the property will result in the property being disqualified from receiving any future federal disaster recovery assistance.

If the homeowner beneficiary has a power of attorney, the original POA documents must be provided to the program in person or via certified mail.

Note: A sample Homeowner Grant Agreement is available here: [Kentucky DLG - DRP Grants](#).

7.8 Funds Disbursement

Once all required program agreements and contracts are fully executed, Program disbursements for rehabilitation and repair work are required to be made directly to the contractor. Payments should be made in prescribed draw intervals as construction on the homeowner's project is completed and inspected. DLG reserves the right to bring in a 3rd party to evaluate construction completion before payments are released.

7.9 Lien Agreement

Awards over \$50,000 will be provided to homeowner's in the form of a forgivable loan. A forgivable loan resembles a grant in that if the present owner retains the property for a certain period (usually a minimum period of five years), no repayment is required. The forgivable loan is instituted through the use of a Lien Agreement. Each year the owner retains ownership and resides in the home a certain percentage of the loan amount is forgiven as if it were a grant. Should the owner continue as owner-occupant of the home until the term of the note expires, the owner pays nothing and has no conditions on the disposition of the property. Should the property be sold, vacated or its use changed prior to the expiration of the note, the owner owes the grantee whatever balance remains on the note.

The Lien Agreement is a promissory note or the homeowner's written promise to adhere to all the commitments made in the Lien Agreement and stipulates when and how all of the terms of the loan are to be satisfied. Lien Agreements must be recorded at the County Clerk's Office.

DLG has a minimum five-year residency requirement for all beneficiaries, it is recommended that subrecipients have homeowners sign a certification that the property is and will remain their primary residence. This five-year residency requirement should also be clearly stated in the agreement between the subrecipient and homeowner, as well as, recorded in a lien or covenant.

The Lien Agreement should stipulate the following:

- Zero percent interest rate
- The amount of funds to be forgiven yearly
- The 5-year residency requirement and term of the loan

Note: A Mortgage Agreement and Promissory Note Template can be found here: [Kentucky DLG - DRP Grants](#)

8 Pre-Construction

The subrecipient should refer to the Subrecipient Manual for more specific guidance and requirements in addition to those specified within this policy. This policy is intended to identify activities and actions specific to the Program and not to supersede those requirements detailed within the Subrecipient Manual.

8.1 Inspections

The applicant and subrecipient shall review the proposed scope of work prior to procurement and project start to ensure that all applicable elements are included within the work scope. Should any work scope determined to be required be missing, it should immediately be brought to the attention of the inspector, and the issue will be reviewed to ensure that any incomplete or missing scope elements are included. A sample Certificate of Inspection is provided with Chapter 6 of the Subrecipient Manual.

DLG will require systematic and thorough inspections for each project assisted by the program. DLG strongly recommends that the subrecipient engages an experienced construction and/or building inspector to provide quality inspections, ensuring that work performed is completed as prescribed. Inspections should be conducted frequently and should be documented formally in the project files. Periodic interim inspections of the progress will be made by the subrecipient throughout the period of performance. DLG or designated agency representatives may also conduct periodic inspections as needed and as requested by DLG.

Inspections are conducted in order to assure compliance with the contract standards for workmanship and materials, to detect any unauthorized deviations and to identify necessary changes to the contract work in its early stages. Interim

inspection reports should be prepared and signed by the subrecipient representative, rehabilitation inspector, contractor and property owner. Inspection and approval of completed work must be conducted by the subrecipient prior to the contractor's request for partial or final payment. A sample Certificate of Inspection and Contractor Payment Request is provided with Chapter 6 of the Subrecipient manual.

The property owner's approval of the work is also required when payment is requested. A sample Notice of Acceptance of Work is provided with Chapter 6 of the Subrecipient Manual. A final inspection of the work must be performed prior to the final payment to the contractor in order for the project to be considered complete. Subrecipients will be required to maintain Certification of Inspection and will make available to DLG or designated agency representatives upon request during program monitoring. Subrecipients must be aware that this final inspection of the work is not the last inspection of the project. DLG or designated agency representatives will require a follow-up inspection 60 days after project completion. A sample Certification of 60-Day Follow Up Inspection is provided with Chapter 6 of the Subrecipient Manual.

The subrecipient must perform a follow-up inspection of the property 60 days after job completion. This inspection allows the grantee to see if there are any problems with the job. If problems have occurred, the grantee should assist the property owner to obtain corrective action according to the warranty.

8.2 Procurement Requirements

8.2.1 Contractor Procurement

Homeowners are able to hire registered/licensed and insured builders of their choice to perform the reconstruction or rehabilitation. Homeowners are precluded from acting as their own general contractors however the subrecipient may consult with DLG in the event that an exception may need to be considered.. Subrecipients will be required to oversee this construction process and act as the homeowner's agent.

The subrecipient will complete a thorough inspection of the property as described in Section 6.1 Site Inspections and will then complete the Work Write-up and Cost Estimate Form (6-18) found in Chapter 6 of the CDBG-DR subrecipient manual. This will be given to the homeowner for use in soliciting contractors to perform the prescribed work.

The homeowner will use the Work Write-up and Cost Estimate to solicit three quotes from different construction contractors. If the homeowner is unable to solicit three independent bids, it must be demonstrated that the homeowner took all reasonable measures to acquire three independent bids. Potential bidders should be made aware of Program policies, Federal or State requirements, and in particular, the Green Building Requirements described in Section 6.9 Green Building Requirements.

Upon selection of an eligible contractor which has provided a quote for the scope of work, the subrecipient will verify that costs are necessary and reasonable as compared to the estimated cost of repairs. If not selecting the lowest reasonable bidder, the subrecipient will need to provide supporting evidence as to why this selection was made. If the contractor's quote is outside of the estimated cost of repairs, additional steps will be taken to justify the costs, the homeowner may select a different contractor, or homeowner will pay for costs above those deemed necessary and reasonable.

The subrecipient will also verify that the contractor:

- Is properly licensed and/or registered building contractors in the area of performance as applicable and carry all required insurance(s),
- Must not be on HUD or State debarred lists or subcontract to entities on HUD or State debarred lists,
- Must comply with all required State and Federal regulations applicable to the Program, and
- Must provide a project completion plan detailing the work and timeframe for completion.

Awards shall not be made to any party excluded from participating in any federally funded program and should also ensure that the contractor hires only eligible subcontractors to perform work under the agreement.

8.3 Construction Contract

The contract between the homeowner and the contractor should include the following:

- Parties to the agreement;
- Project location;
- Scope of services;
- Financial commitments;
- Starting and ending dates;
- Performance schedule and milestones;
- Contract representatives (grantee, contractor, subcontractor(s));
- Conflict of interest;
- Reporting requirements;
- Suspension clause;
- Incorporation of attached requirements;
- Payment schedule and contract cost;
- Signatures; and
- CDBG-DR General Conditions and any other General Conditions pertinent to the contract.

The subrecipient will facilitate an agreement between the applicant and the contractor which includes the items noted above and any additional terms and conditions as specified in the Subrecipient Manual. The contractor must identify

subcontractors which will be utilized during construction and provide their license and insurance information which agrees with the requirements set forth by the Kentucky Department of Housing, Building, and Construction.

Neither the cost-plus-a-percentage nor percentage-of-construction cost methods of contracting are allowed.

Note: A Sample Housing Contract Package is available here: [Kentucky DLG - DRP Grants](#).

8.4 Bonding Requirements

Bonds are negotiable instruments required by federal and state law from construction contractors as a form of insurance. The bonds are available to contractors from surety companies, which are then turned over to the subrecipient to protect against situations that may arise.

State law requires that, for project contracts over \$100,000, contractors must secure a performance bond for 100 percent of the contract price as it may be increased and a payment bond for 100 percent of the original contract price. Refer to KRS 45A.430. Federal bonding requirements are also triggered when contracts exceed \$100,000 in value, per 2 CFR 200.325.

8.5 Pre-Construction Conference

Prior to the start of construction, the subrecipient will hold a pre-construction conference with the applicant and the contractor(s) awarded the contract(s). At the pre-construction conference, the final work write-up(s) (project specifications) will be reviewed by all parties, line item by line item, to ensure a thorough understanding of the work to be accomplished. The contractor is encouraged to have any required subcontractors present. Should any program eligible additions or deletions be required, the applicant may request that the Program review and modify the scope of work. A sample Pre-Construction Checklist (6-20) is provided with Chapter 6 of the Subrecipient Manual.

Additional topics to be discussed at the pre-construction contract include, but are not limited to:

- Timing and coordination of the sequence of the work (especially when and where lead hazard reduction activity or rehabilitation work that disturbs painted surfaces, known or presumed to be lead based paint, are to be accomplished, and/or if the project entails multiple contracts covering various components of the entire project);
- Temporary relocation, limited access to living areas, and coordination of household schedule with lead-based paint work activity issues, as applicable (i.e., conveyance of the details of the community's temporary relocation offering and options, responsibilities, timing and coordination, packing and moving, storage, secured property owner non-access to work area(s) during interior lead hazard reduction work, specialized cleaning,

clearance testing and final visual assessment, and the community's authorization of re-occupancy following completion and successful clearance testing); and

- Safe work practices and OSHA requirements, as applicable. Additionally, the responsibilities of all parties to the contract(s) need to be thoroughly discussed. The various processes and procedures involved in completing the project also needs to be covered (e.g., change order procedures, contractor payment processes, various lead hazard reduction requirements, grievance / dispute resolution procedures, etc.).
- Green Building Retrofit or Green and Resilient Building Standard requirements. The specific requirements of the selected standard(s) and compliance activities should be reviewed.

8.6 General Contractor Responsibilities

The general contractor is responsible for ensuring that the project is completed and that work is performed to industry standard as well as HUD and programmatic standard. The general contractor is required to provide to the applicant and subrecipient any and all:

- Permits
- Inspections
- Reports
- Clearances
- Certificates of Completion or Occupancy
- Any other relevant construction documents

The general contractor is required to abide by State contracting law including, but not limited to, the Kentucky Fairness in Construction Act of 2007.

8.7 Beneficiary Responsibilities

The homeowner is responsible for actively participating in the construction process, making themselves available to issue decisions related to the project. Decisions may include finish selection, color selection, placement, etc. The homeowner is discouraged from deviating from the established and agreed upon scope of work as doing so may cause the project to exceed specified time frames and budgets. Further, the homeowner must not hinder or impede the work progress by attempting to make changes and/or modifications to work in the field without prior authorization from the subrecipient.

Should the subrecipient find it necessary to materially deviate from the established work scope, DLG or designated agency representatives must be contacted for discussion and authorization.

8.8 Grievances

Subrecipients should refer to the Subrecipient Manual Chapter 01: Project Administration for additional specifics regarding program and/or project related

grievances. Occasionally grantees receive complaints regarding their projects and activities; therefore, it is required under the citizen participation requirements that the grantee develop a procedure to respond to complaints and grievances.

Subrecipients must provide citizens with an address, phone number, and time period for submitting complaints and grievances. The grantee must respond to the complaint within 15 working days of receipt, where practical.

Each complaint and the resolution to the complaint should be well documented in the grantee's files and kept in a project complaint file for any project related complaints.

8.9 Construction Warranties

General contractors are responsible for providing a warranty. The Program does not provide warranty services. The contractor must present warranty documents to the applicant which detail the length and method of claim request. The program requires eligible contractors to provide a warranty of:

Reconstruction/New Construction projects must have a 1-year fit and finish warranty period, a 2- year mechanical, electrical and plumbing (MEP) warranty period, and a 10-year structural warranty period.

Rehabilitation projects must have a 1-year warranty period for all activities performed under the agreed upon scope of work (SOW).

All warranty claims are between the homeowner and the contractor. Instructions on how to file a warranty claim and a copy of a claim form must be provided to the applicant by the contractor at the final inspection along with the final acceptance form.

8.10 Section 3

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD investments, to the greatest extent feasible, are directed to low-and very low-income persons and to business concerns which provide economic opportunities to low-and very-low income persons. The goal is to keep dollars local and help foster local economic development, neighborhood economic improvement, and individual self-sufficiency. Section 3 applies to recipients of \$200,000 or more in CDBG-DR assistance. The types of projects that are covered by Section 3 are housing construction, demolition, rehabilitation, or other public construction (e.g, infrastructure or community facilities). Section 3 applies to the entire project even when the CDBG-DR funds are only a portion of the total funding. Compliance can be met in two ways:

- Qualitative goals:
 - 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 or;
- Qualitative goals:
 - If a subrecipient has not met the quantitative goals, they can still be considered to be in compliance if they can provide evidence of a number of qualitative efforts to assist low and very low-income persons with employment and training opportunities
 - CDBG Section 3 Guide provides a list of qualitative efforts CDBG-DR subrecipients may undertake to document the project made qualitative efforts to assist low and very low-income persons with employment and training opportunities.

Defining Section 3 Workers:

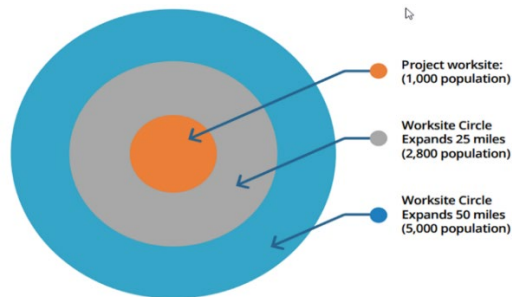
A Section 3 worker is any worker who currently fits, or when hired within the past five years for, at least one of the following categories as documents:

- A low or very low-income worker
- Employed by a Section 3 business concern
- A Youthbuild participant

Defining Targeted Section 3 Worker:

- Employed by a Section 3 business concern
- Currently fits or when hired for at least one of the following categories as documented within the past five years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5 and qualifies as a low or very low-income worker
 - A Youthbuild participant.

Service Area as Defined in 24 CFR 75.5:



- Service Area = an area within one mile of the Section 3 project

OR

- If > 5,000 people live within one mile of Section 3 project, then, Service Area = an area within a circle centered around the Section 3 project site that encompasses 5,000 people.

Subrecipients will be required to have an adequate plan to satisfy the Section 3 requirements, a subrecipient must develop and implement a Section 3 Action Plan which outlines how it will achieve these goals. The plan will state the subrecipient's commitment to Section 3 and outline steps to implement it. DLG Section 3 Guide provides a step-by-step plan to implement the Section 3 requirements and establish the needed files to document compliance. CDBG-DR subrecipients will need to maintain records of Section 3 compliance and will report their Section 3 efforts and accomplishments at the closeout of their grant.

Contractors or subcontractors for all rehabilitation and reconstruction triggering Section 3 are required to comply with the Section 3 regulations. Please see the DLG Section 3 Guide for more information.

9 Construction

The subrecipient should refer to the CDBG-DR Subrecipient Manual chapter 6 section 6-J for more specific guidance and forms.

Additionally, the project must follow the selected Green Building Retrofit or Green and Resilient Building Standard requirements. Refer to Chapter 11 of the Subrecipient Manual.

The following are the applicable building codes currently adopted by Kentucky and referenced at

https://dhbc.ky.gov/Documents/DHBC_CodesCurrentlyAdopedbyKentucky.pdf

- 2018 Kentucky Building Code (Based on the 2015 International Building Code)
- 2018 Kentucky Residential Code (Based on the 2015 International Residential Code)
- 2015 International Mechanical Code
- 2015 International Fire Code (New construction projects, only when specifically referenced by the body of KBC)
- 2012 International Energy Conservation Code (for use with commercial buildings only)
- 2009 International Energy Conservation Code (for use with residential buildings only- see definition in IECC)
- 2009 ICC/ANSI A117.1 Accessible and Usable Buildings and Facilities
- Kentucky State Plumbing Law, Regulations & Code (815 KAR Chapter 20)
State Boiler Regulation (KRS 236, 815 KAR 15)
- 2013 NFPA 13 - Installation of Sprinkler Systems
- 2013 NFPA 13D - Installation of Sprinkler Systems in One-and Two-Family Dwellings and Manufactured Homes
- 2013 NFPA 13R – Installation of Sprinkler Systems in Residential Occupancies Up to and Including Four Stories in Height
- 2013 NFPA 14 – Installation of Standpipe and Hose Systems
- 2012 NFPA 54 - National Fuel Gas Code

- 2017 NFPA 70 - National Electrical Code (effective October 1, 2014)
- 2013 NFPA 72 - National Fire Alarm and Signaling Code 2012 NFPA 101 - Life Safety Code (Health Care Facilities)
- 2015 International Existing Building Code

The above is for reference only and is only representative of the many codes and standards currently used in Kentucky. For specific applications not listed above, refer to Chapter 35 of the KBC and IBC.

9.1 Notice to Proceed

Following execution of the contract documents and completion of the pre-construction conference, subrecipient shall issue a Notice to Proceed to each prime contractor to begin performance of the work. The Notice to Proceed must establish the construction start date, the scheduled completion date, and provide the basis for assessing liquidated damages. The Notice to Proceed must include the name of the contractor and the amount of the contract. The construction period and basis for assessing liquidated damages must be consistent with those sections of the contract documents. A sample Notice to Proceed (6-19) is provided with Chapter 6 of the Subrecipient Manual.

The Notice to Proceed must also be sent to DLG following execution. If date of issuance and/or expected completion date changes, it will be memorialized in a change order and provided to DLG. DLG recommends twelve (12) months from the date of the Notice to Proceed to be identified as the completion date.

If required for construction, the applicant must vacate the home, and for duplexes/triplexes the applicant must secure the removal of any tenants in a manner which meets URA requirements. Failure to vacate and allow for construction activities to occur may result in the grant being rescinded. Refer to Subrecipient Manual Chapter 08: Relocation Under the URA and 104(d) for further guidance.

9.2 Construction Monitoring

The subrecipient is responsible for monitoring the progress of construction projects maintaining all records related to permits, environmental remediation, clearances, and any other documents related to the progress and project milestones identified.

Throughout the term of construction on all individual projects, the subrecipient will oversee the work of the contractor(s) and any subcontractors doing the work. Construction supervision should be accomplished primarily through periodic and frequent work-in-progress inspections by the subrecipient's staff. Inspections relating to contractor payment requests, any community required (e.g., building or housing code required) inspections, and any inspections relating to change order requests shall all occur as necessary. Inspections related to Green Building Retrofit or Green and Resilient Building Standard requirements should occur as described in Section 6.9 Green Building Requirements in this policy.

All inspections performed, and their respective outcomes, must be documented and added to the individual project file. The subrecipient must ensure that the work scope is being performed in a workmanlike manner and completed to industry and program standard.

Additionally, DLG or its representatives may make scheduled or unscheduled site visits to ascertain extent of completion and adherence to expected standards.

9.3 Payments

Upon agreement as to quantities of work completed, a contractor may submit requests for partial or progress payments. Written inspection reports must accompany the contractor's requests for partial payment. Inspection reports, copies of field measurement notes, photos, and test results used to verify contractor's periodic pay estimate for partial payment should be attached to and filed with the periodic estimate for partial payment.

The subrecipient will request the draw inspection(s) from DLG or its designated representatives and, upon successful completion of the draw inspection, will then submit the pay request to DLG. The subrecipient will submit the Certificate of Inspection and Contractor Payment Request form (6-22) found in the forms section of the CDBG-DR subrecipient management guide. DLG will review the pay application for completeness and accuracy and release funds as per the agreement.

The subrecipient will pay the contractor directly for services. The homeowner will not be given the CDBG-DR contractor payment under any circumstances.

9.3.1 Retainage

As per Kentucky Revised Statutes 371.410, a ten (10) percent retainage shall be withheld from partial payments, this percentage can be reduced to five (5) percent at fifty (50) percent completion. The retainage is withheld until after final inspection and receipt of any/all documentation required to be submitted, in case of any unresolved problems. See below for information on how retainage is addressed in the Final Payment.

9.3.2 Final Inspections

DLG expects the subrecipients to define in their rehabilitation guidelines the property standard that units must meet after rehabilitation is complete. All properties rehabbed must meet all local housing codes and occupancy standards for their rehabilitation program. At a minimum, the subrecipient must adopt the International Code Council (ICC) Property Maintenance Code. All new construction and reconstruction projects must meet Kentucky Residential Code. Green Building Retrofit or 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 close out of the activity.

9.3.3 Change Orders

Any and all changes to the contract work write-up require a fully executed change order signed by all parties to the contract. Change orders are needed for any and all substitutions that are made to the project, even if the dollar value of that work item remains unaffected, as well as for time extensions to a rehabilitation construction contract.

The change order must be executed by the owner and the contractor and approved by the Program inspector and the Subrecipient. The contractor's costs associated with all items listed within change orders must also be itemized. A sample Change Order Request is provided in Chapter 6 of the Subrecipient Manual. Change orders are permissible where the cumulative cost of all such orders does not exceed 20 percent of the original contract price and the changes do not constitute a major alteration of the original scope of work. If the proposed change order(s) will cumulatively exceed 20 percent of the original contract, the subrecipient must contact DLG for prior approval.

Each change order must be accompanied by a supporting statement that describes why the change is necessary, additional time requested to perform the work, itemized cost estimates (credit, debit, or no change), and any needed plans, specifications, or supporting imagery. The subrecipient must verify with DLG or a designated agency that the change order is cost reasonable and approve and authorize change orders before they are given to the contractor.

Change orders should be kept to an absolute minimum and cannot be issued after final payment. Change orders need to be contained in individual project files and those which do not conform to the above requirements may ultimately not be funded by DLG.

9.3.4 Final Payment

When construction work has been completed, the contractor must certify completion of work and submit a final request for payment. A sample of the General Contractor's Affidavit of Completion and Release of Lien Waiver for is provided in Chapter 6 of the Subrecipient manual. The subrecipient should make the final inspection and prepare a written report of the inspection prior to requesting a final inspection be performed by the Program. Before making final payment (less retainage), the subrecipient must ensure that all relevant items noted in Chapter 6 of the Subrecipient Manual are present.

9.3.5 Retainage from Final Payment

Within 30 days from the filing of the acceptance of the work and upon submission of a clear lien certificate by the contractor, along with any other required documents, the subrecipient should release the retainage that has been withheld

from each progress and final payment to the contractor (at the subrecipient's option).

If any claims or liens remain after the 30-day period, the subrecipient must take appropriate action for disposition of the retainage and all claims against the bonds in accordance with state law.

9.4 General Contractor Performance Review

The subrecipient should establish a method by which the contractor's work performance is reviewed and periodically perform these reviews. A contractor which fails to meet performance measures should be disallowed from performing additional work under this program.

The performance review should include an assessment of the general contractor's overall performance, from communication and organization to quality of work and resource management. It should also take into account any specific requirements of the job and the contractor's ability to meet those requirements. Additionally, the review should consider the contractor's safety record, adherence to code and industry regulations, and any other relevant criteria.

The performance review should also include the contractor's ability to meet timelines and budget requirements, as well as their ability to work with other team members and stakeholders. Communication is key to any successful project, and the performance review should assess how well the contractor is able to communicate effectively, both internally and externally.

The Program may withhold funding in the event that the contractor's performance is determined to be inconsistent with Program standards and guidelines.

9.5 Construction Closeout

Construction closeout is the final stage of a construction project and is an essential part of the process. It is the process of completing all the remaining tasks necessary to close out the project and prepare it for occupancy. Construction closeout typically 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.

Submission of all paperwork, such as the contractor's lien waiver, any subcontractor affidavits, certificate of occupancy or completion, and warranty documents. This paperwork must be provided to the applicant and subrecipient and added to the project file before the project can be considered complete.

Finally, the construction closeout process requires the collection and submission of all as-built documents, such as drawings, photographs, and specifications. These documents are important for the project's future maintenance and should be stored in a secure location. Once all of these steps have been completed, the project can be considered complete and ready for occupancy.

Grantees should 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.

10 Compliance and Monitoring

For activities administered by subrecipients, the State performs monitoring of activities and projects executed by the subrecipient in conformance to the monitoring guidelines. Monitoring guidance for all CDBG-DR programs is found in the Subrecipient Manual. The frequency of the monitoring is dependent on program progress, policy manual changes and amount of spending. The Program Manager may request to perform an internal program desk monitoring review at any time and the subrecipient must make available any and all required documentation for review.

11 Program Closeout

11.1 Project Closeout

In addition to the Construction Closeout documentation submitted by the general contractor, Program representatives will work with homeowners to collect all closeout documentation for their file in accordance with the Subrecipient Manual Chapter on Project Closeout. Homeowner files will be closed out in the Program once all documentation is received and approved by the Program. A final closeout file review will be required to ensure that all documentation required in each step of the process is complete and compliant.

11.2 Flood Insurance Requirements

If the applicant's property, reconstructed home, or replacement home is located in a Special Flood Hazard Area, the insurable property shall be insured under a policy of flood insurance in the amount of the lesser of the following at all times:

- The value of the federal award, or;
- The maximum amount available for the structure under the NFIP or a successor program.

Failure to maintain insurance may result in a homeowner being ineligible for future disaster relief.

Upon sale or transfer of the property, the homeowner will, on or before the date of such transfer and as part of the documents evidencing such transfer, notify all transferees in writing of the continuing obligation to maintain flood insurance on the property. In the event that the homeowner fails to provide such notice, the homeowner may be liable to the United States for future disaster assistance related to the property.

Evidence that the property (or reconstructed home) is covered by flood insurance must be provided before closeout, if flood insurance is required due to previous federal disaster assistance received. If flood coverage is required but not available due to the disrepair of the property, the homeowner must submit a declination letter from the insurer at the time of contract execution. The homeowner must also provide proof that he or she obtained flood insurance once construction has been completed.

11.3 DOB Due Diligence and Monitoring

Upon the closeout of a homeowner's project, the subrecipient will monitor DOB compliance by contacting the various agencies noted above or listed in the original DOB calculation, and by contacting the recipient of CDBG-DR funds. The homeowner must repay any assistance later received for the same purpose as those awarded through CDBG-DR funds. For more information, refer to HUD's *Duplication of Benefits Policy Guidance* at 87 FR 31636 and Chapter 10 of the Subrecipient Manual.

12 Records Management

Records are to be maintained in accordance with 24 CFR part 570.490 and 24 CFR part 570.506. Records are kept to document compliance with program requirements, with federal, state, and local regulations, and to facilitate audit review by HUD and other designated auditors. CDBG-DR records, including program documents, are subject to the Freedom of Information Act (FOIA). More information on Records Management, please refer to the Subrecipient Manual Chapter 1.

12.1 National Objectives

Subrecipients must maintain records that funded activities meet the LMI national objective. Documentation for all LMI beneficiaries must be kept on file including supporting documentation in order to verify income eligibility.

12.2 Beneficiary Records

Subrecipients must maintain records for each household that receive CDBG-DR assistance. For all projects beneficiaries must be tracked by income, race and ethnicity as categorized by HUD, as well as by owner-occupied status, female-head of household (occupied by one or more children under the age of 18), elderly household (62 years of age or older), and disabled household. Subrecipients are advised that additional information may be required for the Program to properly calculate an applicant's grant amount and determine eligibility, and that subrecipient should maintain all records, receipts, invoices and other documentation related to any repairs, construction or clean-up of the property for no less than five years from the date that they close out with the Program.

12.3 Audit

Subrecipients must provide their financial audits for DLG review at the end of each subrecipient fiscal year. If an audit identifies any findings or deficiencies related to the management of CDBG or CDBG-DR funds all documentation that these findings and any questioned costs have been cleared must be maintained. If for some reason there are no audited financial statements available, developers must submit IRS standing, operational budgets and cashflow statements. These documents will also be required to be submitted upon application to DLG in order to determine fiscal solvency.

12.4 Personally Identifiable Information (PII)

Personally, Identifiable Information (PII) is information that can be used to distinguish or trace individual's identities. Examples of PII include names, addresses, income verification documents, disability status, employment status, etc. which can be linked or is linkable to a specific applicant and/or beneficiary of the program. As the program receives direct applications from homeowners requesting assistance, subrecipients must keep all PII information for the duration of the project, in the system of record. If records containing PII are subject to Freedom of Information Act requests, such records shall only be released in accordance with state and federal law. PII records are only stored as long as is necessary, in accordance with record retention requirements at 2 CFR part 200.333 and 24 CFR part 570.502(a)(7).

12.5 Environmental Review

DLG will serve as the responsible entity for all projects that are to be funded with CDBG-DR funds. Under 24 CFR Part 58, the term "responsible entity" (RE). The responsible entity will be the entity completing the environmental review process.

13 Definitions

AMI: The median (middle point) household income for an area adjusted for household size as published annually by HUD.

Appeal: A written request from a participant for a review and change to an unfavorable determination made by the program.

Award Notice: The written notice provided to a participant(s) to inform them regarding their zero or positive grant award calculation.

CDBG-DR: Community Development Block Grant – Disaster Recovery.

Damaged Property: The housing unit that was directly damaged for which the participant has applied for assistance.

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

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

Duplication of Benefits: Refers to the provision under the *Robert T. Stafford Disaster Assistance and Emergency Relief Act* (Stafford Act) that prohibits any person, business concern, or other entity from receiving financial assistance from federal disaster funds with respect to any part of a loss resulting from a major disaster as to which that person or entity has already received financial assistance under any other program, insurance, or another source.

Elderly: A person at least 62 years of age [24 CFR § 5.100].

Estimated Cost of Repair: A document estimate, line item by line item, of the damages observed during damage assessment of a participant’s property that quantifies the materials and labor necessary to repair observed damages.

Family: A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being.

Federal Register (FR): A daily publication of the U.S. federal government that issues proposed and final administrative regulations of federal agencies.

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994: Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

Flood Insurance: The *Flood Disaster Protection Act of 1973* (42 U.S.C § 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the *National Flood Insurance Program* (NFIP). If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain: Also known as the “Base Flood,” as defined at 44 CFR Part 59, this is the low, flat, periodically flooded lands adjacent to rivers, lakes and oceans and subject to geomorphic (land-shaping) and hydrologic (water flow) process. The 100-year floodplain is the land that is predicted to flood during a 100- year storm, which has a 1% chance of occurring in any given year. Areas within the

100-year floodplain may flood in much smaller storms as well. The 100-year floodplain is used by FEMA to administer the federal flood insurance program.

Floodway: The channel of a river or other watercourse and the adjacent land areas that must be reserved to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height as defined by 44 CFR § 59.1

General Contractor: an individual or entity that is licensed in the State of Kentucky to perform residential construction services as a general contractor.

Grant Agreement and Associated Documents: All documents required by the Program for execution prior to initiating any funds disbursement or issuing a Notice to Proceed (NTP) to a construction contractor. These documents shall at a minimum include: a grant agreement, subrogation agreement, and any other document required to disburse program funding to an applicant.

Green Building Standards: All rehabilitation (meets the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes), (2) Enterprise Green Communities, (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) International Code Council (ICC)-700 National Green Building Standard, or other standard allowable by HUD.

Head of Household: The adult member of the family who is the head of the household for the purposes of determining income eligibility and rent. [24 CFR § 5.504]

Household: All persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low-to-moderate-income objective is based on the income of the household.

HUD: United States Department of Housing and Urban Development.

HUD Housing Quality Standards: HUD's standard for decent, safe, and sanitary housing conditions as defined by 24 CFR § 982.401.

IRS 1040/Adjusted Gross Income ("AGI") Calculation Method: Citizens of the United States and resident aliens, except those with gross incomes that fall below a certain level, are required to file an income tax return with the Department of the Treasury's Internal Revenue Service (IRS) each year. The tax return is officially referred to as IRS Form 1040. The Adjusted Gross Income (AGI) is listed on the 1040 tax form and is the dollar figure used to determine an applicant's income eligibility for participation in the CDBG-DR Programs.

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

LMI National Objective: One of three national objectives that any CDBG activity must meet. Activities that meet the LMI objective must benefit households whose total annual gross income does not exceed 80% of area median income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with HUD Guidance. The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- Extremely low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;
 - Very Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size; and
 - Low: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

Manufactured Housing: A dwelling unit composed of one or more components substantially assembled in a manufacturing plant and transported to a building site. See Mobile Home and Modular Home.

Mobile Home: A dwelling unit composed of one or more components substantially assembled in a manufacturing plant and designed to be transported to a building site on its own chassis for placement on a supporting structure. A mobile home is constructed in accordance with the standards established in the U.S. Department of Housing and Urban Development's building code for manufactured housing. A mobile home is not constructed in accordance with the standards established in the state and local building codes that are applicable to site-built homes. *For the purposes of the Homeowner Assistance Recovery Program, the term mobile home shall be used interchangeably with the term manufactured home.*

Modular Home: A dwelling unit composed of two or more components substantially assembled in a manufacturing plant and transported to a building site by truck for final assemble on a permanent foundation. A modular home must be constructed in accordance with the standards established in the state

and local building codes that are applicable to site-built homes. Modular homes do not include mobile homes.

Most Impacted and Distressed (MID) Areas: Areas of greatest impact from a disaster as determined by HUD or the State in making disaster funding allocations, using the best available data sources to calculate the amount of disaster damage.

New Construction: A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

NFIP: National Flood Insurance Program. When the Program refers to NFIP in the context of eligibility or duplication of benefits, the Program is referring to private and public flood insurance programs that cover structural repairs resulting from flood damages.

Ownership: Homeowners must have had and maintained a present, freehold, possessory estate in the surface of the land.

Power of Attorney (POA): An authorization to act on someone else's behalf in a legal or business matter.

Reconstruction: Demolition and re-building of a housing unit on the same lot in substantially the same footprint and manner. The number of units on the lot may not increase and the total square footage of the original, principal residence structure to be reconstructed may not be substantially exceeded; however, the number of rooms in a unit may be increased or decreased. If the relative percentage of an applicant's repair is equal to or exceeds 80% of the Program-determined reconstruction amount, the reconstruction estimate is used to calculate the cost of reconstruction of the damaged structure.

Reconstruction Threshold: A sufficient amount of damage inflicted on a structure whereby the Program deems it necessary to reconstruct rather than rehabilitate. The current threshold is damage exceeding 80% of the reconstruction value of the structure as determined by the formula

- $\text{Estimated Cost of Repair} / (\text{Repair Estimate Eligible Square Footage} \times \text{Reconstruction Multiplier}) \times 100 = \text{Damage Percentage}$.

Rehabilitation: Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards. If the relative percentage of repair to the applicant's stick-built home is less than 80% of the pre-storm tax assessed value, the repair estimate is used for calculating the cost of rehabilitation of the damaged structure regardless of the value of unforeseen construction conditions requiring a change order.

Replacement: Demolition, removal, and replacement of a damaged manufactured home with a new home in substantially the same footprint, or at a new location if the original damaged unit was on leased land and the owner must relocate to a new property.

Second Home: A home that is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance. Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance or housing incentives. HUD has established an alternative requirement for second homes that may allow assistance in limited circumstances coordinated with HUD.

Sub-recipient: A non-federal entity, unit of general local government, or a nonprofit organization in Kentucky that administers all or a portion of a CDBG-DR funded program, as memorialized in a grant agreement between the sub-recipient and DLG.

Subrogation: The process by which duplicative assistance paid to an applicant after receiving an award is remitted to the Program in order to rectify a duplication of benefit.

Subrogation Agreement: An agreement executed by the beneficiary agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

Substantial Damage: Damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR § 59.1). Local jurisdictions determine substantial damage.

Substantial Improvement: Any repair, reconstruction, modernization or improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure either before the improvement or repair is started or, if the structure has been damaged and is being restored, before the damage occurred. Substantial improvement determinations are made by local code enforcement, permitting, building and/or floodplain officials. The Program will abide by these determinations. [24 CFR § 55.2(b)(10)]

Tenant: An individual or family renting or occupying an assisted dwelling unit. [24 CFR § 5.504]

Total Household Income: The total income of all individuals over the age of 18 that are residing in a damaged property.

URA: The *Uniform Relocation and Real Property Acquisition Policies Act of 1970*, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et. seq.) Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these



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guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily damaged/occupied activities that require the relocation of the tenants.

Urgent Need National Objective: An urgent need that exists because conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent and the recipient of funds cannot finance the activities on its own because other funding sources are not available. Subrecipients must document how each program and/or activity funded under this category responds to a disaster-related impact.

APPENDIX A: GRANT ADMINISTRATION PLAN

The Grant Administration Plan is a required supporting document to all application submittals. It stipulates the roles and responsibilities of all the individuals involved in the project and sets forth when and how all activities will be implemented. The Plan must include at least the following components:

- The identity, roles and responsibilities of all persons involved in the implementation of the project;
- The identity of target dates for completion of key tasks;
- The method by which the chief executive and grant manager will oversee and monitor all aspects of the project to assure timely and effective implementation;
- The identity of specific project benchmarks by which the administration and implementation of the project will be tracked and analyzed. Benchmarks should be specific dates by which tasks and subtasks will be completed;
- The method for design and construction contract administration including surveying and additional engineering, plan review, bidding, change order approval, and local government inspection and oversight;
- An identification of potential problems and complexities inherent in the project, and an analysis of how these will be anticipated and mitigated;
- The method by which local government officials, including the chief administrator of the locality, will be kept informed of the status of the project;
- The process for review, approval and payment of invoices related to all project expenditures; and
- A timetable for expenditure of administrative funds based on benchmark accomplishments.
- Green and Resilient Building Standards: DLG requires that the subrecipient select and adhere to the Green and Resilient Building Standard for new construction and reconstruction of housing as required by HUD. The subrecipient must meet this standard for all residential new construction, reconstruction, and rehabilitation of substantially damaged buildings. For more information refer to Chapter 11 of the Subrecipient Manual.
- Duplication of Benefits (DOB) Process: Subrecipients are responsible for the analysis of Disaster Recovery assistance and benefits from all sources to ensure no duplication occurs. As part of this plan Subrecipients must develop a process for reviewing and documenting DOB.

The Grant Administration Team must identify the following:

- The tasks to be completed so that the project activities stay on track;
- Assignment of responsibility to one individual for each task that is identified and the assignment of a support individual for each task (responsibility may not be shared by two individuals); and
- Sequencing and timing of the completion of tasks so that the project can be completed within the framework of the Grant Agreement.