

Chapter 1: Project Administration

Introduction

Administering Kentucky's Community Development Block Grant Disaster Recovery (CDBG-DR) grants requires regular attention to grant requirements and deadlines. This chapter provides subrecipients with general information on how to administer CDBG-DR grants from the Department for Local Government (DLG). The chapter details requirements for certified grant administrators, grant award procedures, release of grant funds, citizen participation and grievances, conflict of interest, and record maintenance.

The CDBG-DR requirements are based on the regular CDBG program. However, CDBG-DR funding allocations have additional or different rules and requirements that are included within the Federal Register Notice that allocates funds after a disaster. Key changes to the basic rules will be called out in each section of this guide. Please refer to your DLG Representative and HUD program guidance for questions or clarifications.

Depending on if you are a City/County, non-profit entity or for-profit entity CDBG-DR subrecipient, your responsibilities as it relates to the CDBG-DR regulations will change. Always refer to your funding agreement as well as the individual program policy for full information about applicable requirements for your specific project.

This chapter addresses the following:

- A.** Application of the CDBG-DR Federal Register Requirements to basic CDBG Activities
- B.** Certified Grant Administrator Requirement
- C.** Grant Award Procedures
- D.** Release of Grant Funds
- E.** Citizen Participation and Grievance Procedures
- F.** Conflict of Interest
- G.** Meeting a National Objective
- H.** Detect Fraud, Waste, and Abuse
- I.** Drug Free workplace
- J.** Project Signage
- K.** Applicable Laws and Regulations
- L.** Maintaining Records

From the award of the grant-to-grant close out, the grant follows a specific course.

Section 1-A Application of the CDBG-DR Federal Register Requirements to CDBG Activities

The Commonwealth of Kentucky has been allocated \$74,953,000 in CDBG-DR funds for the disaster recovery following two FEMA Major Disaster Declarations. On April 23, 2021, FEMA announced declaration 4595-DR-KY for severe storms, flooding, landslides, and mudslides. Again, on December 12, 2021, FEMA announced 4630-DR-KY for severe storms, straight-line winds, flooding, and tornadoes. Based on federal disaster needs from 2022 and 2021, Congress appropriated the Disaster Relief Supplemental Appropriations Act, 2022 (Pub. L. 117-43) which allocated nearly \$3 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds. This is called the Appropriations Act. HUD then allocates CDBG-DR funds through a Federal Register Notice (FRN) based on specific disaster events and develops implementation requirements specific to each Federal Register Notice. Therefore, the rules and requirements vary from disaster to disaster and require compliance with the specific FRN allocating the funds.

HUD allocates the funds for disaster recovery by issuing a Federal Register Notice (FRN) detailing the amount of funds being allocated, the recipients of the allocations, guidance, requirements for submitting an Action Plan detailing how the State will use the funds for disaster recovery and mitigation purposes, and any modifications or waivers of basic CDBG requirements found in 24 CFR 570. The FRN allocating the CDBG-DR funds to the State of Kentucky, titled *Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice*, were issued on May 24, 2022 (referenced as 87 FR 31636) and January 18, 2023 (referenced as 88 FR 3198). These notices may be referred to as the 2021 Consolidated Notice. *Note this follows a previous Consolidated Notice (87 FR 6364, February 3, 2022) that was issued for disasters occurring in 2020.*

Key changes resulting from 87 FR 31636 and 88 FR 3198 include:

- **Most Impacted and Distressed (MID) Areas:** The Consolidated Notice identifies the “most impacted and distressed” areas based on amount of damages to those cities or counties resulting from a qualifying major disaster. The Consolidated Notice requires that 80% to 100% of the CDBG-DR funds must be used in HUD-identified MIDs and the remaining 20% can be used in a State-identified MID. Although for other areas from the same presidentially declared disaster that did not meet HUD’s criteria for a HUD MID, States may determine other areas to have significant unmet needs and identify them as a State MID.
- **National Objectives:** The FRN modifies the Urgent Need (UN) national objective allowing its use for CDBG-DR activities for 36 months after the applicability date of the FRN (i.e., in basic CDBG, UN can only be used within 18 months of the emergency). The FRN also adds the LMHI national objective that can be used when providing incentives to LMI households who have had their property purchased through a buyout program (i.e., in basic CDBG, buyout acquisitions are not an eligible activity and there is no such activity as an “incentive”).
- **Mitigation Set-Aside:** The Appropriations Act required that HUD provide an additional 15% of CDBG-DR funds as a mitigation set-aside to fund mitigation activities. The Consolidated Notice defines mitigation as “those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters”. Projects can have both a recovery need (based on impacts **during** the disaster) and a mitigation need (based on lessening impacts

from **future** disasters). The FRN requires incorporating mitigation measures into the recovery activity when undertaking construction, reconstruction, or rehabilitation of both residential and non-residential structures. Alternatively, an activity can be funded entirely for the purpose of mitigation and must have a quantifiable mitigation outcome when completed.

- **Duplication of Benefits:** A duplication of benefits (DOB) may happen when a disaster impacted person, business, or local government receives disaster assistance from more than one entity. Immediately following a natural disaster, the Federal Emergency Management Agency (FEMA) assesses the damages and provides disaster recovery funds through either Individual Assistance (IA) to households or Public Assistance (PA) to local governments. The FEMA funds can have different purposes. For example, an impacted homeowner can receive FEMA assistance for repairs and/or elevation to their residential units and if needed funds for temporary rental assistance while out of their homes. The Small Business Administration (SBA) also provides households with Federally secured loans for repairs to property, replacement of contents, and sometimes replacement for the damaged housing. In addition to these Federal funds for disaster recovery, many homeowners have personal insurance that pay for the repair or replacement of property. When more than one source of funds is intended for the same purpose, an analysis of the funds must be undertaken to see if any funds “duplicate” the intended purpose for the CDBG-DR funds. For example, if a homeowner receives FEMA repair assistance, FEMA rental assistance, SBA loan for repairs, and also personal insurance for repairs, all of the funds for the repairs will need to be further analyzed to determine these funds will duplicate any CDBG-DR funds intended for repairs. Any other assistance found to duplicate the CDBG-DR intended use, must be subtracted from the CDBG-DR award to ensure the same need is not paid for twice.
- **Acquisition:** HUD has added an acquisition activity for the purpose of creating open space and mitigating high-risk properties from future impacts which is called “buyout”. To encourage residents to sell their high-risk property and move to a safer living environment HUD has allowed the use of Incentives which can encourage the sale of the property and assist the buyout participant with replacement housing.
- **Housing and New Construction:** Disasters can wipe out entire neighborhoods or cities resulting in a serious lack of affordable safe housing alternatives. Damaged properties that require rehabilitation or reconstruction must meet HUD’s elevation and Green Building standards. If housing cannot safely be rebuilt there may be a need for new housing to be constructed. CDBG-DR allows new housing construction and imposes affordability requirements which are typically not required under basic CDBG.
- **104(d) Relocation and One-for-One Replacement:** CDBG-DR funded activities that trigger the Uniform Relocation Act (URA) reduces the 104(d) 60 months of assistance for LMI households to 42 months. The one-for-one replacement requirement under 104(d) is also modified to exclude substantially damaged housing and housing “not suitable for rehabilitation” from the replacement requirement.
- **Infrastructure (Public Facilities, Public Improvements):** All infrastructure projects must be designed and constructed to withstand extreme weather events and the impacts of climate change. For the purposes of this requirement, an infrastructure activity includes any activity or group of activities (including acquisition or site or other improvements), whether carried out on public or private land, that assists the development of the physical assets that are designed to provide or support services to the general public.

- **Nonresidential Elevation:** Nonresidential structures, including infrastructure, assisted with CDBG-DR funds must be elevated to the standards described in the FRN or floodproofed in accordance with FRMA floodproofing standards.
- **Match:** CDBG-DR funds may be used as “match” for other Federal programs when used to carry out an eligible CDBG-DR activity. This includes activities funded by FEMA and the U.S. Army Corps of Engineers (USACE). Note: Match for USACE activities is capped at \$250,000.
- **Economic Revitalization:** Economic revitalization varies somewhat from standard CDBG economic development. Economic revitalization includes activities that demonstrably restores and improves the local economy through job creation and retention or by expanding access to goods and services. The Public Benefit Standards are waived, and activities now require alternative measures to document benefits to the public.
- **Section 3:** CDBG-DR funded activities must follow Section 3 as codified at 2 CFR Part 75. The updated Section 3 regulations change the way that Section 3 workers and Targeted Section 3 workers are defined and reported, and goals that must be achieved for each class.
- **Environmental Review:** When CDBG-DR funds are being used to match or supplement FEMA assisted activities under sections 402, 403, 404, 406, 407, 408(c)(4) or 502 of the Stafford Act, that agency's environmental review can be adopted without review or public comment. The other agency's environmental review must cover all project activities funded by the CDBG-DR recipient for each project.

The list above is highlighting key FRN changes to the basic CDBG requirements; however, this list is not exhaustive and each additional section of this manual or specific policies developed for CDBG-DR funded activities will provide specific direction for these and other requirements in the Consolidated Notice.

Section 1-B Certified Grant Administrator Requirement

The Commonwealth of Kentucky requires that individuals administering CDBG-DR funds be officially certified by DLG as CDBG-DR Grant Administrators.

Certification Requirements

To be certified as a CDBG-DR Administrator, first time attendees must participate in the DLG-sponsored Administrator Certification training and pass a test, which is administered at the culmination of the training. This training will be separate from the training to become a certified CDBG administrator and be a separate test.

The test follows a comprehensive Grant Administrator training, which is delivered periodically to allow individuals interested in administration the opportunity to become certified. The course will be marketed by the Commonwealth of Kentucky via the DLG website and email. Check the DLG website or reach out to a DLG Representative for the dates the workshop is offered.

Upon completion of the training, individuals will be informed within approximately 60 days if they have successfully completed the test and received the certification.

It is important to note that it is the individual who attended the training and passed the test that receives the certification, not the firm that employs the individual. Therefore, if an individual leaves the organization the certification goes with the individual. A new CDBG-DR Administrator at the organization will have to become certified.

DLG maintains an updated list of certified CDBG-DR Administrators. The list is updated after new certifications are granted.

Periodic workshops are provided for previously Certified Administrators to update their knowledge and maintain the certification. Certified Administrators must attend required trainings (as notified by DLG) or the certification may be revoked. DLG reserves the right to revoke a certification in cases of repeated findings (refer to Chapter 13 for more information on monitoring) or failure to respond to DLG requests in a timely manner.

Chapter 13: Amendments and
Monitoring

Section 1-C Grant Award Procedures

Background Information

Submitting a CDBG-DR funding application to DLG results in either an award or a notice of non-selection. For CDBG-DR programs some subrecipients will be communities and some will be non-profits or for profit entities. For subrecipients that are selected to receive a grant are sent a preliminary approval letter. This begins the process of setting up the grant and ensuring that all contractual documents are in place. The steps in the process for newly awarded grants are described in this section.

Steps in the Process

Setting up a new CDBG-DR grant award involves a number of steps. These steps are outlined below.

- A. DLG sends the preliminary approval letter to the subrecipient that announces the award, the amount of the grant, and instructions on how the subrecipient needs to respond (the process may differ depending on type of grant, i.e., housing, economic development, etc.). If the subrecipient accepts the terms specified in the preliminary approval letter, the Chief Executive Officer (CEO) will sign and return the offer.
- B. The subrecipient attends a grant agreement conference with DLG staff and key parties such as the grant administrator, engineer/architect, etc. The meeting format and topics discussed will vary depending upon the type of grant.
- C. After the grant agreement meeting, the subrecipient reviews the agreement with their legal counsel and both parties sign the agreement.
- D. The grant agreement will be signed and returned to DLG via email.
- E. DLG processes and executes the grant agreement through the State approval system and defines all effective dates.
- F. DLG maintains one copy of the grant agreement and sends the other copy back to the subrecipient for its records.

Grant Agreement Provisions

The grant agreement typically includes the following requirements and provisions:

- ✓ Legal boilerplate information,

- ✓ 2 CFR 200 (Subpart F) on audit information and requirements,
- ✓ Names and addresses of subrecipient and contacts,
- ✓ List of activities to be completed,
- ✓ A cost summary, and

Section 1-D Release of Grant Funds

In order for the subrecipient to begin spending the grant funds, certain evidentiary materials must be submitted to DLG.

Evidentiary Materials Required

- ✓ The grant agreement specifies which evidentiary materials are required for submission to DLG. DLG must receive and approve these materials before the subrecipient may expend any project funds for specified activities. Additional evidentiary materials may be required for each program which will be outlined in each policy. At a minimum the evidentiary materials that will be required are:
 - Chapter 2: Environmental Review
- ✓ Completion of an environmental review and required documentation (See Chapter 2: Environmental Review);
- ✓ Firm commitments for “other funds” anticipated in the approved application. The local contribution should be placed in a restricted account for project use only;
 - Chapter 10: Duplication of Benefits
- ✓ Approval of Budget Ordinance/Amendment (City or County);
- ✓ Approval of Anti-displacement and Relocation Assistance Plan;
 - Chapter 4: Procurement
- ✓ Copy of adopted resolution approving the CDBG-DR procurement code (see Chapter 4: Procurement);
- ✓ Cost overrun resolution stating that any cost overruns will be paid for by the subrecipient;
- ✓ Green Building and Energy efficiency Requirements (if applicable)
- ✓ State Clearinghouse assurance and comments;
- ✓ Fair Housing Resolution or Ordinance (See Chapter 7: Fair Housing and Equal Opportunity);
 - Chapter 7: Fair Housing and Equal Opportunity
- ✓ Letter of designation of local Fair Housing/EEO responsible official
- ✓ Language Access Plan (LAP)
- ✓ Citizen Participation Plan (CPP)
- ✓ Written assurance (on subrecipient letterhead signed by the designated subrecipient official) regarding

- Maintenance of a copy of the State’s Fair Housing Analysis of Impediments (AI)
- Commitment to carry out fair housing activities (see list in Chapter 7)
- Maintenance of demographic records
- Required posters will be displayed
- Adoption of the State Title VI Plan (see chapter 7)
- Adoption of a drug-free workplace policy
- ✓ Subrecipient DOB policy (see chapter 10)
- ✓ Procedures to Detect Fraud, Waste, and Abuse Policy (see required elements in Chapter 15 section 15-C)
- ✓ Policy of Non-Discrimination on the Basis of Disability Status (for subrecipients with 15 or more employees) (See Chapter 7: Fair Housing and Equal Opportunity);
- ✓ Section 504 Accessibility Self Evaluation and Transition Plan (See Chapter 7);
- ✓ Title VI Self Survey and Statement of Assurance or Title VI Implementation Plan (See Chapter 7);
- ✓ Drug Free Workplace Statement;
- ✓ Submission of legally binding commitments between subrecipients, private participants and the subrecipient;
- ✓ Fully executed grant agreement;
- ✓ All inter-local agreements must be submitted for approval by either DLG or the AG office (if applicable);
- ✓ Authorized Signature and Electronic Transfer of Funds Forms (See Chapter 3: Financial Management);

Chapter 3: Financial Management
Chapter 5: Contracting

In addition to the above required materials, special conditions or materials may be required depending on the program as will be discussed in each program policy. It is recommended that the subrecipient submit all of the evidentiary items together in one package. The subrecipient should not hesitate to contact DLG with any questions, as delays in submitting these materials will delay program implementation.

Request for Approval of Evidentiary Materials

After completing the evidentiary materials, the subrecipient should prepare the Request for Approval of Evidentiary Materials (see Attachment 1-1: Request for Approval of Evidentiary Materials). DLG will review the Request and other documentation, and notify the subrecipient upon approval.

Attachment 1-1:
Request for Approval
of Evidentiary Materials

For City and County applicants – in addition to submitting the Request for approval of evidentiary materials you will also submit the Request for Release of funds. Once both requests have been approved, the subrecipient will be notified. The subrecipient can then begin expending project activity funds.

For Non-profit applicants - in addition to submitting the Request for approval of evidentiary materials you will also submit required documentation for DLG to complete the environmental review and request for release of funds from HUD. Once DLG has received release of funds and your evidentiary materials have been approved, the subrecipient will be notified. The subrecipient can then begin expending project activity funds.

Note: Subrecipients should note that DLG may terminate the grant and grant agreement if the required evidentiary documentation are not submitted to the department within 90 days of the date of the signed contract.

Note: If the subrecipient obligates or expends any project funds (see chapter 2 Environmental Review) for any activity (except for those costs relating to engineering and planning, as applicable) prior to DLG notification that either the request for release of funds has been approved or DLG has received release of funds from HUD these costs are considered an ineligible use of CDBG-DR funds and the subrecipient will be denied payment for such expenses.

Section 1-E Citizen Participation and Grievance Procedures

For City and County CDBG-DR subrecipients there are regulatory citizen participation requirements that will be outlined in the section with additional information found in Chapter 7: Fair housing and Fair Housing

and Equal Opportunity. For non-profit CDBG-DR subrecipients many of these requirements will be shared with DLG. The responsibilities of the non-profit CDBG-Dr subrecipient will be outlined in the policy for each program if applicable.

It is important that citizens of local jurisdictions are able to participate in the funding and decision-making process of local CDBG-DR projects. To that end, Section 5304(a)(2) and (a)(3) of Title I and 24 CFR 570.486(a)5 and 91.115(e) require subrecipients to provide adequate citizen participation in the planning, implementation, and evaluation of CDBG-DR activities.

Section 5304(a)(2)(3) of Title I of
the Housing and Community
Development Act of 1974
24 CFR 570.486(a)5
24 CFR 91.115(e)

Citizen Participation

Local government must provide reasonable opportunities for citizen participation, hearings, and access to information with respect to local community development programs. Certain citizen participation requirements must be met by the subrecipient prior

Program Guidelines, "Citizen
Participation Plan"

to application submission while other requirements apply throughout the course of the project. Subrecipients are expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

Subrecipients are required to develop a Citizen Participation Plan (CPP). See Chapter 7: Fair Housing and Equal Opportunity for the requirements to be included in the CCP.

Subrecipients are required to conduct at least two public hearings during the course of the grant to elicit citizen feedback on the following:

- ✓ **Needs Assessment:** Solicit input on community development and housing needs as well as potential activities. This hearing must be held prior to application submission.

Review of Performance: Review past use of funds and program performance. **This hearing must be held prior to grant close-out.** Subrecipients are encouraged to use social media to let residents understand how they can learn about the CDBG-DR project. The citizen participation requirements include that the subrecipient must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate.

CDBG-DR recipients are obligated under 24 CFR 91.105 (a) (2)(ii), 24 CFR 91.115 (b)(3)(iii), and the FRN to provide language services for the citizen participation process. The regulations provide that for CDBG-DR recipients, "...[a] jurisdiction also is expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities."

Chapter 7: Fair Housing
and Equal Opportunity

Subrecipients are required to develop a Language Assistance Plan (LAP). This is one of the steps that recipients and subrecipients must take to demonstrate that they have taken "reasonable steps" to provide language services to persons who have Limited English Proficiency (LEP), or who are considered LEP persons. See Chapter 7: Fair Housing and Equal Opportunity for the requirements to be included in the LAP.

Additional public hearings must be held if a substantial amendment to a funded activity occurs. See Chapter 13: Amendments and Monitoring for more information on substantial amendments.

Chapter 13: Amendments
and Monitoring

The subrecipient, at a minimum, must perform the following activities in advance of all public hearings:

- ✓ **Develop the hearing notice** with the following elements (see Attachment 1-2: Sample Public Hearing Notice):

- Description of the project;
- Description of CDBG-DR funding available and parameters for assistance;
- Amount of CDBG-DR funds being requested and for which activities;
- Anti-displacement plan (if applicable) due to activity undertaken;
- Record of past uses of CDBG-DR;
- Summary of other important program requirements and available technical assistance;
- Information for persons with disabilities on how to request an accommodation, including how to request documents in an alternative format; and

Attachment 1-2:
Sample Public Hearing Notice

- The State TDD number (800) 648-6056 or State relay number (800) 648-6057 or 711.
- ✓ **Publish the public hearing notice** as per the guidance provided below.
- ✓ **Also, an applicant/subrecipient must make additional efforts to notify the public by utilizing one or more of the methods set forth below:**
 - Post the notice of public hearing in public places such as city/county government buildings, libraries, etc.
 - Distribute leaflets or flyers to low- and moderate- income neighborhoods in prominent locations (i.e., grocery stores, churches, community centers, door-to-door, etc.) to notify the residents of hearings.
 - Conduct public service announcements on radio stations or television.
 - Post the public hearing announcement on web site and/or distribute e-mail announcement.
- ✓ **Conduct the public hearing** to inform the public about the CDBG-DR activities being undertaken. At a minimum, the subrecipient must ensure the hearing involved the following components:
 - Held in handicapped-accessible location and/or provide accommodation for persons with disabilities so that they may participate;
 - Chosen at a time and date convenient for potential or actual beneficiaries;
 - Arranged for interpreters for non-English speaking persons (if necessary); and
 - Keep an attendance list and take minutes of the meeting, which should be signed and dated and placed in the files.
- ✓ The subrecipients Citizen Participation Plan as well as the Language Access Plan should be on the subrecipient’s website.
- ✓ **Respond to any written comments** that are received during the public hearing process. At a minimum, the subrecipient must:
 - Indicate comments were considered (including verbal comments at public hearings);
 - Cite reasons for rejection, if applicable; and
 - File comments and responses in the citizen participation file.

24 CFR 570.486
KRS 99.350(8)
KRS 61.252(1)

Public Notice/Advertisement Requirements

All legal advertisements required as part of the administration of a CDBG-DR projects, including, but not limited to, citizen participation, environmental review (Chapter 2) and procurement (Chapter 4), shall be published according to KRS Chapter 424. The advertisement must include the date, time, and location of the hearing, end of comment period, or bid opening.

Note: Failure to strictly adhere to the requirements in this section may result in the advertisement being declared void and another advertisement being required or an application being rejected.

Times of Publication

The general rule for legal advertisements is that the advertisement must run not less than seven, nor more than 21 days prior to the hearing, end of comment period, or bid opening. See Chapter 2 for more specific requirements for Environmental Review advertisements.

When a subrecipient desires to extend a deadline beyond the 21-day maximum, the subrecipient must advertise twice, and the second advertisement must fall within the publication window defined above. An exception to this would be an extension of a bid opening as part of a bid addenda, provided it is done within 72 hours of the original bid opening date. Please refer to Chapter 4: Procurement for more information on bid advertisements and addenda.

Calculation of Time

In calculating any period of publication required under a CDBG-DR project, the date of the advertisement **shall not** be counted in the calculation.

Example: For a citizen participation hearing scheduled to be held on the 25th day of the month (a Thursday), assuming a seven to 21-day publication period:

Earliest possible advertisement date: Thursday the 4th

Latest possible advertisement date: Thursday the 18th

Subrecipients **shall not** schedule hearings or bid openings on Sundays or legal holidays. Whenever a public comment period ends on a Saturday, Sunday, or legal holiday, subrecipients shall accept comments until the end of the next day that is not a Saturday, Sunday, or legal holiday.

Qualifications of Newspapers

All advertisements shall be published, pursuant to KRS 424.120, in the **newspaper** of largest bona fide paid circulation that publishes in the publication area. A newspaper is considered to “publish” in the publication area **only** if maintains its principal office in the publication area. “Publication area” means “the city, county, district, or other local area for which an advertisement is required by law to be made.”

Grievance Procedures

Grievances Received by Subrecipients

Occasionally subrecipients receive complaints regarding their projects and activities; therefore, it is required under the citizen participation requirements that the subrecipient 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 subrecipient 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 subrecipient’s files and kept in a project complaint file for any project related complaints.

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 subrecipient for response. The complainant will be notified that the complaint has been forwarded to the subrecipient for resolution. The subrecipient will follow their grievance procedures.

The subrecipient 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 subrecipient does not provide a resolution, DLG will work with the subrecipient and the complainant to resolve the complaint.

Section 1-F Conflict of Interest

Conflict of interest requirements apply to CDBG-DR and must be adhered to in order to ensure that public officers and employees are not gaining a financial and/or any other benefit in the procurement of goods and services, as well as in determining direct beneficiaries. Efforts should be made to recognize and resolve potential conflicts in the application phase of a project; however, a subrecipient must be vigilant throughout implementation.

Requirements and Persons Covered

Conflict of interest requirements are covered in the following:

- ✓ State CDBG regulations at 24 CFR 570.489;
- ✓ 2 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.

24 CFR 570.489
2 CFR Parts 200, 215, 220, 225 & 230
KRS 45A.340
KRS 99.350(8)
KRS 61.252

The CDBG requirements pertaining to conflict of interest are summarized in the following paragraphs:

- ✓ **Conflicts Prohibited:** Except for the use of CDBG-DR funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons covered (defined below) who exercise or have exercised any functions or responsibilities with respect to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- ✓ **Persons Covered:** The conflicts of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the State, the unit of local government, or of any designated public agencies or subrecipients that are receiving CDBG-DR funds.

24 CFR Part 570.489(h)

✓ **Exceptions:** Upon the written request of the recipient, DLG may review the provisions of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of Title I and the effective and efficient administration of the program or project. An exception may be considered only after the local government has provided the following:

- A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- A certification the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- An opinion of the local government's attorney that the interest for which the exception is sought would not violate State or local law.

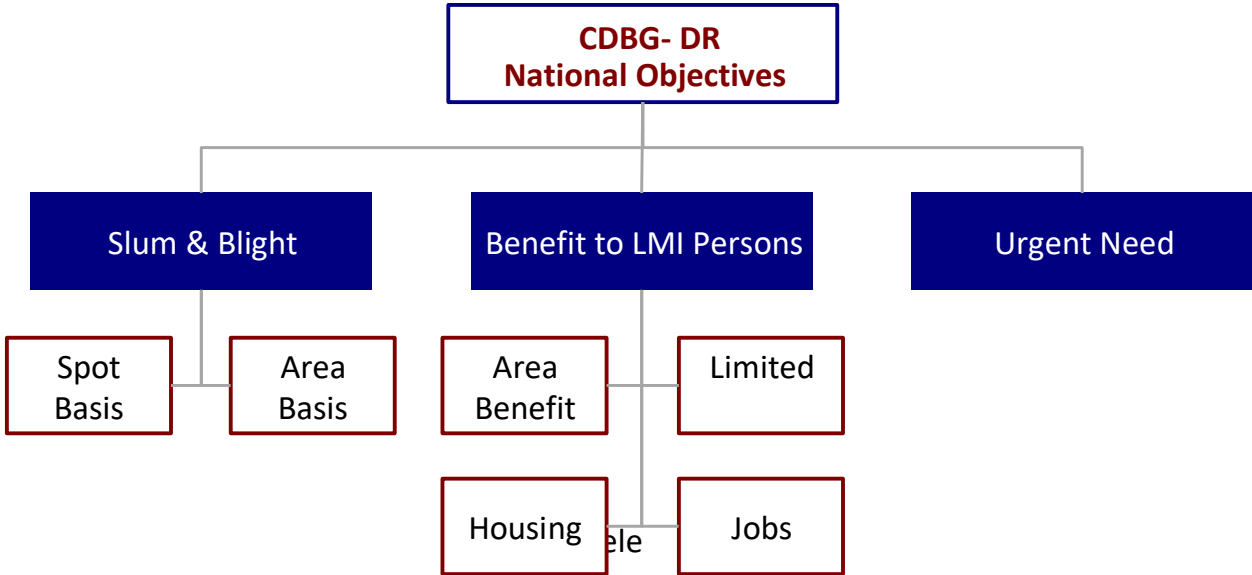
Section 1-G Meeting a National Objective

Before any activity can be funded in whole or in part with CDBG-DR funds, a determination must be made as to whether the activity is eligible under Title I of the Housing and Community Development Act of 1974, as amended. Additionally, activities must also meet one of the three national objectives.

42 U.S.C. 5304(b)(3)
and 24 CFR 570.483

All projects funded under CDBG-DR must address at least one of three national objectives of the CDBG-DR Program. A determination of the eligibility of an activity is made as a part of the DLG application review process. DLG also reviews which national objective category a project will fall under. However, under the CDBG-DR regulations, a project is not considered as *meeting* a national objective until it is complete. Therefore, subrecipients must be

- National Objectives**
- ✓ Benefit low- and moderate-income (LMI) persons
 - ✓ Aid in the prevention or elimination of slums or blight
 - ✓ Meet other community development needs having a particular urgency



aware of the national objective category and document compliance appropriately.

There are a number of different criteria by which an activity can meet one of the three national objectives, as shown in the following exhibit:

CDBG-DR requires that LMI households and vulnerable populations are prioritized in all funded activities. Seventy percent (70%) of CDBG-DR funds must be expended to benefit LMI persons. Applicants must ensure that the activities proposed, when taken as a whole, will not benefit moderate-income persons to the exclusion of low-income persons. However, disasters affect all income groups and when using CDBG-DR funds within the first 36-months after the FRN becomes effective, households above the 80% LMI income determination, can be assisted under the Urgent Need national objective. Additionally, CDBG-DR funds can be used for incentives to encourage moving to safer areas of less risk. When the incentive is provided to a LMI household, the Low/Mod Housing Incentive (LMHI) national objective must be used.

Guide to National Objectives
and Eligible Activities
for CDBG-DR Programs:
<https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/>

For more information regarding the national objectives, subrecipients should download a copy of the Guide to National Objectives and Eligible Activities for the CDBG Programs. If requiring additional information regarding the State CDBG-DR funds, refer to the allocating FRN listed in Section J below

Section 1-H Project Signage

Nonresidential construction projects funded by CDBG-DR funds are required to have signage at the project site. The signage informs citizens that the project is being funded by DLG's CDBG-DR Program, as well as listing the sponsor, architect and/or engineer and contractor. The sign includes the required equal opportunity language. Visit https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm for the specifications for the required construction sign.

Section 1-I Drug-Free Workplace

Subrecipients are required to make a good faith effort to ensure that they operate a drug-free workplace by providing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the subrecipient's workplace and specifying the actions that will be taken against employees for violation of such prohibition. Additionally, subrecipients must establish an ongoing drug-free awareness program to inform employees about the dangers of drug abuse, the subrecipient's policy of maintaining a drug-free workplace, any available drug counseling or rehabilitation, and the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

- ✓ Each person employed by a subrecipient that works on a project funded with CDBG-DR dollars must be given a copy of the subrecipient's drug-free workplace statement.
- ✓ Employees must also be notified that, as a condition of working with CDBG-DR dollars, they must abide by the terms of the statement and notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such a conviction.

- ✓ If an employee is convicted of committing a drug-related offense in the workplace, the subrecipient must notify every grant officer or other designee on whose grant activity the convicted employee was working. The notice should include the employee's name and title as well as the identification number(s) of each affected grant.
- ✓ Within 30 calendar days of a conviction, subrecipients must also take appropriate personnel action against the employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended, or require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

Section 1-J Fraud, Waste and Abuse

The responsible management of Community Development Block Grant Disaster Recovery (CDBG-DR) funds is of utmost importance to DLG. DLG is particularly concerned as is committed to detect and prevent fraud, waste, and abuse.

Definitions

Fraud is the willful intent to mislead or misrepresent information for benefit or gain to for themselves or some other person. Examples of fraud include, but are not limited to the following:

- Misrepresentation of information on applications such as income, household composition, financial assets, citizenship status, or residency
- Forgery of signatures on various documents including applications, timesheets, checks, contracts, or purchase orders

Waste is the careless mismanagement, consumption, or use of resources that cause unnecessary costs or detriment. Examples of waste may include, but are not limited to the following:

- Unnecessary use of supplies causing increased replacement

Abuse is the excessive or improper use of a thing which in a manner contrary to the natural or legal rules for its use. This can include the intentional destruction, misapplication, or misuse of resources. This does not include physical or emotional abuse of a person.

Examples of abuse may include, but are not limited to the following:

- Making purchasing decisions contrary to existing policies
- Receiving some form of benefit or favor for awarding a contract to a particular vendor
- Creating unnecessary overtime
- Requiring staff to perform personal errands

See Chapter 15: Procedures to Detect Fraud, Waste, and Abuse

Reporting

All investigations of suspected fraud, waste, or abuse are conducted by the Department of Criminal Investigations specifically the public Integrity/Special Investigations Branch located in the Attorney General's office. The branch investigates numerous arenas of corruption including executive, judicial, legislative, vendor contract, regulatory, election fraud, social security fraud and systemic law enforcement corruption. The branch also conducts investigations and provides support for other state

agencies as requested. DLG staff administering the CDBG-DR grant will work with the Attorney General's office to assist in the investigation and take the prescribed action when fraud occurs. The process for reporting suspected fraud, waste, and abuse will first contact the public Integrity/Special Investigations Branch. They will take the report and begin an investigation.

Any person who suspects, witnesses, or discovers any instances of fraud, waste, or abuse relating to CDBG-DR funds should immediately report the information by utilizing any of the following means:

- Phone: 866-524-3672
- Postal Mail: 700 Capital Avenue, Suite 118, Frankfort, Kentucky 40601
- Email: DCIForce@ky.gov.
- Website: <https://ag.ky.gov/about/Office-Divisions/DCI/Pages/public-integrity.aspx>

Reports may be made anonymously. The Department of Criminal Investigations will report all notifications of fraud, waste, and abuse to the HUD OIG Fraud Hotline (phone: 1-800-347-3735) or email (hotline@hudoig.gov). Members of the public can also contact the HUD OIG directly.

Training

To ensure the proper management of CDBG-DR funds, subrecipients will be familiarized themselves with the CDBG-DR chapter 15 on Fraud, Waste, and Abuse. Subrecipients will be required to attend fraud-related training provided by HUD OIG to assist in the proper management of CDBG-DR grant funds. When the training is offered by HUD OIG, DLG will coordinate with HUD staff to attend the training and have subrecipient attend the training as well.

Section 1-K Applicable Laws and Regulations

The following is a list of federal laws, Executive Orders and State statutes applicable, in whole or in part, to the CDBG-DR programs. This list may not be all-inclusive as there are many laws, regulations and other requirements that may apply. To obtain copies of most of the federal publications, see the website address provided in the box to the right.

For copies of laws and regulations, go to the HUD website for CDBG-DR regulations at https://www.hud.gov/program_offices/comm_planning/cdbg-dr/regulations

General Statutes and Regulations

- ✓ Title I of the Housing and Community Development Act of 1974, as amended
- ✓ 24 CFR Part 570, Subpart I, Community Development Block Grant: State Program Regulations; Subpart C, Eligible Activities

Kentucky Revised Statutes available at <https://legislature.ky.gov/Law/Statutes/Pages/default.aspx>

Federal Register Notices for CDBG-DR

- ✓ *Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notices*
 - 87 FR 31636, May 24, 2022 – https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/87_FR_31636.pdf

- 87 FR 7859, January 18, 2023 – <https://www.govinfo.gov/content/pkg/FR-2023-01-18/pdf/2023-00721.pdf>
- ✓ *Updates to Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Subrecipients* (84 FR 28836, June 20, 2019)
<https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13147.pdf>

Acquisition/Relocation

- ✓ 24 CFR Part 42 (includes Uniform Relocation Assistance and Real Property Acquisition Policies Act) – as modified in the Consolidated Notice 87 FR 31636
- ✓ Section 104(d) (One for One Replacement) – as modified in the Consolidated Notice 87 FR 31636
- ✓ 24 CFR Part 570.606, Displacement, Relocation, Acquisition, and Replacement of Housing
- ✓ KRS 416

Fair Housing, Equal Opportunity, and Accessibility

- ✓ Title VI-Civil Rights Act of 1964
- ✓ Title VII-Civil Rights Act of 1968
- ✓ Title VIII-Civil Rights Act of 1968, as amended
- ✓ Section 109 of the Housing and Community Development Act of 1974, as amended
- ✓ Section 504 of the Rehabilitation Act of 1973, as amended
- ✓ Executive Order 11246-Equal Employment Opportunity, as amended by Executive Order 11375, Parts II and III
- ✓ Executive Order 11063-Equal Employment Opportunity, as amended by Executive Order 12259
- ✓ Equal Employment Act of 1972
- ✓ Age Discrimination Act of 1975, as amended
- ✓ Executive Order 12432-National Priority to Develop Minority and Women Owned Businesses
- ✓ Executive Order 12138-National Women’s Business Enterprise Policy
- ✓ Executive Order 11625-Minority Business Participation
- ✓ Executive Order 12892-Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing
- ✓ Executive Order (E.O.) 13166: Improving Access to Services for Persons with Limited English Proficiency
- ✓ Vietnam Era Veterans’ Readjustment Assistance Act of 1974
- ✓ Immigration Reform and Control Act of 1986
- ✓ Fair Housing Amendment Act of 1988, as amended
- ✓ Americans With Disabilities Act of 1990

- ✓ Civil Rights Restoration Act of 1988
- ✓ 24 CFR Part 5 (FR 5863-F-02) and 24 CFR Part 100 (FR 5248-F-02)
- ✓ Kentucky Civil Rights Act, Chapter 344

Environmental

- ✓ National Environmental Policies Act of 1970, as amended
- ✓ National Historic Preservation Act of 1966, as amended (Section 106)
- ✓ Executive Order 11593, Protection and Enhancement of the Cultural Environment
- ✓ 24 CFR Part 58
- ✓ Executive Order 11988 and 24 CFR Part 55, Floodplain Management
- ✓ Executive Order 11990, Protection of Wetlands
- ✓ 40 CFR 149, Sole Source Aquifers
- ✓ Safe Drinking Water Act of 1974, as amended
- ✓ Endangered Species Act of 1973, as amended, and 50 CFR 402
- ✓ Wild and Scenic Rivers Act of 1968, as amended
- ✓ Clean Air Act, as amended (Sections 176(c) and (d)) and 40 CFR 6, 51 & 93
- ✓ Clean Water Act
- ✓ Solid Waste Disposal Act, as amended
- ✓ Farmland Protection Policy Act of 1981 (7 CFR 658)
- ✓ 24 CFR 51 B, Noise Abatement and Control
- ✓ 24 CFR 51 C, Siting of HUD-Assisted Projects Near Hazardous Operations
- ✓ 24 CFR 51 D, Airport Clear Zones and Accident Potential Zones
- ✓ Executive Order 12898, Environmental Justice

CPD Notice 17-13: Notice for Interpreting the Limits of the Floodway for Linear Infrastructure Projects Complying with HUD Floodplain Management Regulations, 24 CFR Part 55

Financial Management

- ✓ 2 CFR Part 200 (OMB Omni Circular) as adopted by HUD at 2 CFR Part 200
- ✓ 24 CFR Part 570
- ✓ KRS 43
- ✓ KRS 91A
- ✓ Housing and Community Development Act, Section 104c

Housing Rehabilitation (see also Fair Housing)

- ✓ Truth in Lending Act
- ✓ Title I Consumer Protection Act
- ✓ Lead Safe Housing Rule, 24 CFR Part 35
- ✓ Architectural Barriers Act of 1970 (41 CFR Part 101-107)

Labor Standards

- ✓ Federal Labor Standards Act, including Davis-Bacon
- ✓ 24 CFR Part 24, Debarment and Suspension
- ✓ Contract Work Hours and Safety Standards Act
- ✓ Copeland “Anti-Kickback” Act
- ✓ KRS 337

Procurement and Contracting

- ✓ Section 3 of Housing and Urban Development Act of 1968, as amended
- ✓ Section 3 Final Rule (2 CFR Part 75)
- ✓ 2 CFR Parts 200 (200.317-200.326)KRS 45A
- ✓ KRS 424

Section 1-L Maintaining Records

It is important that the subrecipient 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. All records must be available to the following entities upon request:

- ✓ U.S. Department of Housing and Urban Development,
- ✓ The Inspector General,
- ✓ The General Accounting Office,
- ✓ The Comptroller General of the United States,
- ✓ Kentucky Department for Local Government,
- ✓ Kentucky Legislative Research Commission, and
- ✓ Kentucky Auditor of Public Accounts.

These entities must have access to any pertinent books, records, accounts, documents, papers, and other property that is relevant to the grant. Certain records must be available to the public as well.

However, subrecipients must keep files that contain personal information, such as social security numbers, in a secure place.

Files should, to the extent possible, be maintained in a central location. Each policy will outline specific guidelines for record retention. However, at a minimum subrecipients must maintain records for at least five years after DLG closes the CDBG-DR grant with HUD.

The list below identifies major file categories, and the materials that should be maintained in each file. This list is not all-inclusive; therefore, refer to applicable laws and regulations, the program policies as well as the other chapters of this handbook for more information.

National Objectives

Subrecipients must maintain records that funded activities meet one of the national objectives. Depending on the objective, the files must contain the specific documentation below. This documentation can also be used in reporting performance measures information.

- ✓ **Low/Mod Area Benefit**
 - Boundaries of service area
 - Census data including total persons and percentage low/mod
 - Evidence area is primarily residential
 - Survey documentation (if applicable)
- ✓ **Low/Mod Limited Clientele**
 - Documentation that the beneficiaries are low/mod or presumed to be low/mod (by category)
- ✓ **Low/Mod Housing**
 - Income verification of households (using the Section 8 definition) including source documentation
- ✓ **Low/Mod Housing Incentive**
 - Documentation that persons participating in a buyout acquisition received a Housing Incentive for relocation to a safer area
- ✓ **Low/Mod Job Creation and Retention**
 - Number of jobs created or retained
 - Type and title of jobs created or retained
 - Income of persons benefiting from the jobs created or retained
- ✓ **Slum and Blight**
 - Area designation (e.g., boundaries, evidence area meets State slum/blight requirements)
 - Documentation and description of blighted conditions (e.g., photographs, structural surveys, or development plans)
 - If applicable, evidence that the property meets spot designation requirements (e.g., inspections)

- ✓ Urgent Need
 - Documentation of urgency of need and timing, including how the existing conditions pose a serious and immediate threat to the health or welfare of the community
 - Document type, scale, and location of the disaster-related impact
 - And other alternate methods of UN per the CDBG-DR FRN

Application

- ✓ Application
- ✓ Amendments and revisions to the application, if any
- ✓ Correspondence regarding the application

Grant Agreement

- ✓ Preliminary Approval Letter
- ✓ Grant Agreement
- ✓ Records/correspondence concerning Evidentiary Materials
- ✓ Amendments and documentation
- ✓ Performance Measures information

Acquisition

- ✓ Acquisition Documentation System Chart
- ✓ Property Acquisition File for each property acquired
- ✓ Written letter of voluntary acquisition
- ✓ For involuntary acquisition:
 - HUD Form 40061, “Selection of Most Representative Comparable Replacement Dwelling for Purposes of Computing a Replacement Housing Payment”
 - Documentation of eminent domain authorization, if applicable
 - Contract of sale
 - Statement of Settlement Costs showing the subrecipient reimbursed the property owner for acquisition price, recording fees, transfer taxes, title option, prepayment penalty on a mortgage, and pro-rate share of property taxes, etc.
 - Receipt for purchase price and the cancelled check
 - Copy of the recorded deed
- ✓ Map showing boundaries of designated risk reduction areas if using CDBG-DR for buyout acquisitions
- ✓ Statement of Qualification of Appraisers

- ✓ Kentucky Appraisal Certificate
- ✓ Appraisal contracts
- ✓ Donations/Waiver of Rights and Benefits of the Uniform Act
- ✓ Copies of public solicitations for voluntary acquisitions
- ✓ Annual Report on Relocation and Real Property Acquisition Activities
- ✓ Acquisition Log of Contacts

Duplication of Benefit (DOB) for CDBG-DR

- ✓ Subrecipient DOB policy
- ✓ Documentation of all assistance received for the disaster recovery
- ✓ DOB Worksheet
- ✓ Subrogation agreement for any assistance received after CDBG-DR award

Audit

- ✓ Professional Services Agreement with independent CPA (if paid with CDBG-DR funds)
- ✓ Annual audit(s), as applicable
- ✓ Documentation that all CDBG-related audit findings and any questioned costs have been cleared

Citizen Participation

- ✓ Public access to the Citizen Participation Plan (CPP) including compliant procedures, the Language Access Plan (LAP), and other accessibility services
- ✓ Documentation of the public hearings (notices, minutes, comments/responses)
- ✓ Documentation of comments received and responses
- ✓ Complaints and resolution documentation

Fair Housing and Equal Opportunity

- ✓ Fair Housing Resolution
- ✓ Policy of Nondiscrimination on the Basis of Disability Status (for subrecipients with 15 or more employees)
- ✓ Project Benefit Profile and documentation
- ✓ Local government employment records
- ✓ Fair Housing Profile
- ✓ Demographic data, including data for target area projects
- ✓ Employment Affirmative Action Plan

- ✓ Documentation of actions taken to affirmatively further fair housing in the community
- ✓ Section 504 Self Evaluation and Transition Plan and project documentation
- ✓ Title VI Implementation Plan and Self-Survey
- ✓ Drug Free Workplace Certification
- ✓ Language Access Plan (LAP)
- ✓ Citizen Participation Plan (CCP)
- ✓ Record of complaints and how they were resolved

Contracts

- ✓ Bid package(s)
- ✓ Professional contract(s)
- ✓ Pre-construction activities
 - Council/Fiscal Court authorization of contract award
 - Notice of Contract award and Preconstruction Conference sent to DLG's Office of Federal Grants
 - Notice to proceed issued to contractor and a copy to DLG
- ✓ Documentation of construction inspection
- ✓ Notice of Completion/ Final Inspection
- ✓ Adequate documentation of services provided, including invoices and deliverables
- ✓ If a Section 3 Plan was required, documentation that it was carried out
- ✓ Construction contract/subcontracts
- ✓ Attorney certification
- ✓ Evidence of bonding
- ✓ Legally binding agreement(s)

Economic Development

- ✓ Procurement Form and the Contracting & Contract Management Form, if applicable
- ✓ Minority & Women's Business Enterprise Form, if applicable
- ✓ Labor Standards Form, if applicable
- ✓ Property Acquisition Form, if applicable
- ✓ Business Relocation Form, if applicable
- ✓ For activities carried out through nonprofit organizations
 - Legally binding agreements
 - Documentation of eligible costs

- Evidence that the nonprofit has conducted an on-site inventory of equipment purchased or leased with grant funds
- Building and equipment appraisals, if applicable
- ✓ For direct assistance to businesses
 - Evidence that the subrecipient has conducted an on-site inventory of equipment purchased with grant funds
 - Building and equipment appraisals, if applicable
- ✓ For microenterprise assistance
 - Evidence that the entity providing training has written agreements with owners outlining their responsibilities
 - Documentation of the cost of providing training
- ✓ For service facilities in support of economic development
 - Legally binding agreement with assisted businesses
 - Documentation of eligible costs
- ✓ Job creation/retention documentation

Environmental Review

- ✓ Environmental Review Record
- ✓ Finding of Exemption, Finding of Categorical Exclusion Not Subject to 24 CFR Part 58.5, or Statutory Checklist for Categorically Excluded Activities/Projects
- ✓ Combined Notice of Finding of No Significant Impact (FONSI) Determination and Notice of Intent to Request Release of Funds published in the local newspaper
- ✓ Public Notice Distribution List
- ✓ Request for Approval of Evidentiary Materials
- ✓ Environmental Certification signed by the Certifying Officer
- ✓ Historic Preservation and tribal consultation documentation, as applicable
- ✓ Environmental Assessment Checklist and documentation for projects requiring an Environmental Assessment
- ✓ Adoption of another agency's environmental review (i.e. FEMA)

Financial Management

- ✓ Authorized Signature Form
- ✓ Direct Electronic Transfer of Funds Form
- ✓ Requests for Payment
- ✓ Accounting records

- ✓ Record of commitment of other funds
- ✓ Source documentation (approved invoices, payrolls, contracts, etc.)
- ✓ Canceled checks, deposit slips, bank statements, etc.
- ✓ Copy of current city or county budget or amendments
- ✓ Records documenting acquisition of asset(s)
- ✓ Records of any disposition of properties
- ✓ Program income records including revolving loan funds (receipt, accounting, expenditure, etc.)

Housing

- ✓ Program guidelines
- ✓ Local rehabilitation policies and procedures
- ✓ Applications for assistance
- ✓ Rehabilitation Household Survey
- ✓ Income verifications
- ✓ Rehabilitation contract file for each job
- ✓ Lead-Based Paint Hazard Notification, documentation the appropriate pamphlet was provided, and notification of any hazard reduction activity and clearance results
- ✓ Lead-Based Paint Testing Report, Assessment and/or Screening report
 - For projects where the level of assistance provided is under \$5,000, a clearance report
 - For projects where the level of assistance provided is \$5,000-\$25,000, a clearance report
 - For projects where the level of assistance provided is over \$25,000, an abatement report
- ✓ Work write-ups and cost estimates (including lead-based paint work calculations if necessary)
- ✓ Evidence of systematic and thorough inspections
- ✓ Notice of Acceptance of work signed by the homeowner for each payment
- ✓ Documentation of change orders
- ✓ Evidence and certification of Safe Work Practices and Occupant Protection (including relocation, if necessary)
- ✓ Documentation of exemptions when relocation was not required
- ✓ Written agreements
- ✓ Certificate of Inspection, at project completion
- ✓ Executed loan/grant documents
- ✓ Proof of ownership
- ✓ Certification of primary residence

- ✓ Proof of current insurance
- ✓ For multifamily rehab:
 - Documentation that the rents for the LMI units do not exceed the applicable HUD FMR for the area (by bedroom size)
 - Documentation of a local system that monitors rents charged (or to be charged) after rehab, for each dwelling unit in each rehabilitated structure.
 - Estimated number of units rehabilitated in each structure and the percent of units that will be occupied by low- and moderate-income households.
- ✓ For single-family rehab:
 - An estimate of the number of units to be rehabilitated
 - Income characteristics of the area in which the rehabilitation is to be carried out
 - Number of units to be rehabilitated for low- and moderate-income households
 - Amount spent on each unit to be rehabbed for low- and moderate-income households
- ✓ Progress reports
- ✓ Release of liens and warranties signed by the contractor and any subcontractors

Labor Standards

- ✓ Federal and state wage rates, as applicable
- ✓ Construction bid and awards
- ✓ Contracts containing proper and applicable labor standards provisions
- ✓ Notice of Contract Award and Notice to Proceed
- ✓ Change orders
- ✓ Weekly payrolls from prime and subcontractors
- ✓ Payroll Deduction Authorizations
- ✓ Employee interview forms
- ✓ Overtime waivers
- ✓ Evidence that the contractor posted the wage rate decision and wage rate poster at the job site (with the date and time noted by inspector)
- ✓ Documentation of resolution of any underpayment or nonpayment of wages

Procurement

- ✓ Procurement Code
- ✓ Professional services contract procurement files
- ✓ Construction contract procurement files

- ✓ Evidence of MBE/WBE outreach efforts and listing
- ✓ Contract/Subcontract Activity Report
- ✓ Section 3 Plan and evidence of qualitative efforts
- ✓ Notice of Contract Award and Notice to Proceed
- ✓ Signed contract with scope of work
- ✓ Documentation of three price quotes for small purchases
- ✓ Copies of all bids received and bid tabulation for competitive sealed bids
- ✓ RFQ/RFP, responses to RFQ/RFP, and written basis for selection for competitive negotiation awards
- ✓ Documentation that the contractor performing the grant administration is a Certified Administrator, if applicable
- ✓ Evidence of a wage rate modification obtained from DLG, if contract was awarded after 90 days
- ✓ Written statement explaining why each low bidder was deemed non-responsible or non-responsive, if contract not awarded to lowest bidder.

Relocation/Displacement

- ✓ Residential Anti-displacement and Relocation Assistance Plan
- ✓ One-for-One Replacement Summary Subrecipient Performance Report
- ✓ Relocation file for each relocated or displaced household
 - Documentation of owner receiving reimbursement for moving expenses
 - Receipts of moving expenses to document cost reasonableness
 - Various forms, as required (see Chapter 8: Relocation Under the URA and 104(d))

Chapter 8: Relocation Under URA and 104(d)

Monitoring

- ✓ State letters of findings/recommendations
- ✓ Subrecipient response to letter of findings
- ✓ State response to clearance of findings
- ✓ Other correspondence related to compliance assistance reviews and technical assistance visits

Grant Close-out

- ✓ Close-out Public Hearing Notice, minutes and comments/responses
- ✓ Project Completion Report (PCR)