



TEAM
KENTUCKY.

Owner-Occupied Rehabilitation Program



AGENDA

1. Program Overview
2. Subrecipient Responsibilities
3. Eligibility
4. Award
5. Application Process
6. Inspections
7. Homeowner Responsibilities
8. Construction
9. Closeout
10. Resources



Owner-Occupied Rehabilitation (OOR) Program Overview

This program will assist homeowners with repairs to their storm-damaged homes, support the rehabilitation of older and existing housing stock, and provide safe and decent housing opportunities for residents.



OOR Program Facts

- **Total Budget:** \$17,905,350
- Program processes and requirements:



City, county, and tribal governments will apply to DLG as subrecipients 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.



Subrecipients must work with a certified grant administrator.



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



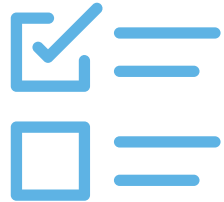
All projects will be monitored by DLG for compliance during construction and closeout.



Subrecipient Responsibilities



Subrecipient Responsibilities



Responsibilities of the subrecipient include but are 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

More detail on subrecipient responsibilities is provided throughout the policy manual.

Vulnerable Populations

The State is committed to reducing barriers for vulnerable populations, homeowners still struggling to recover, and homeowners who have been unable to recover safely.

As part of the program design to ensure meaningful access to all, sub-recipients are required to:



Provide language assistance services that result in timely, accurate, and effective communication at no cost to Limited English Proficiency clients and/or their beneficiaries.



Reasonably accommodate persons with disabilities.



Designate a fair housing and equal opportunity coordinator to be the prime liaison with DLG.



Eligibility



National Objectives

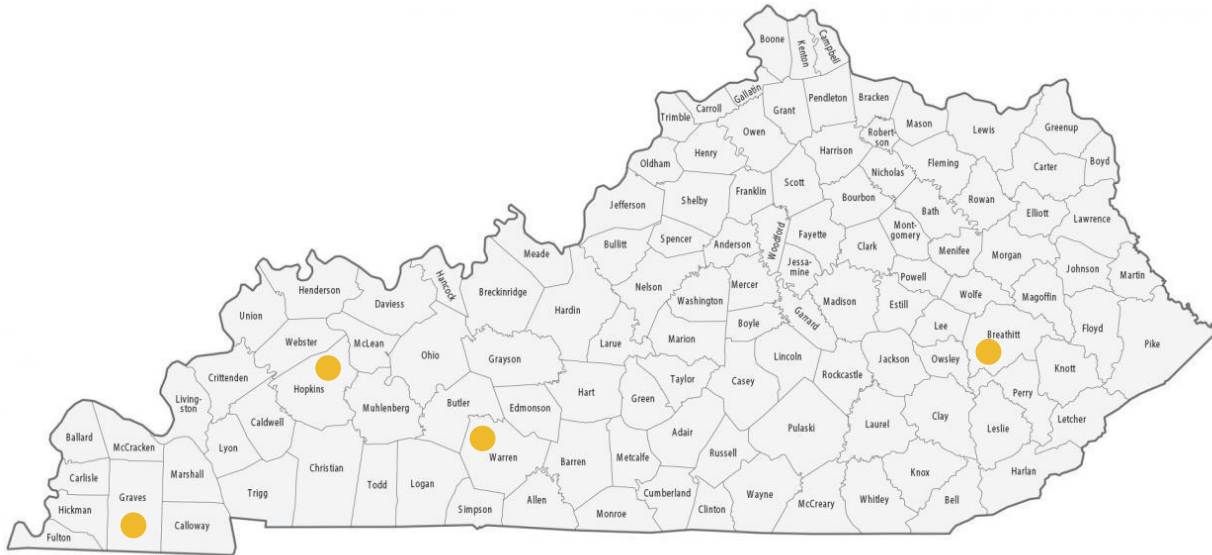


Low-Mod Housing (LMH): All program assistance and activity delivery costs provided to or on behalf of low- and moderate-income households.



Urgent Need: The program may use the Urgent Need national objective to assist eligible disaster-impacted homeowners with incomes greater than 80% AMI.

Eligible Counties



● HUD-identified MID Area

Image Source: <https://gisgeography.com/kentucky-county-map/>

- 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.

Eligible Counties

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

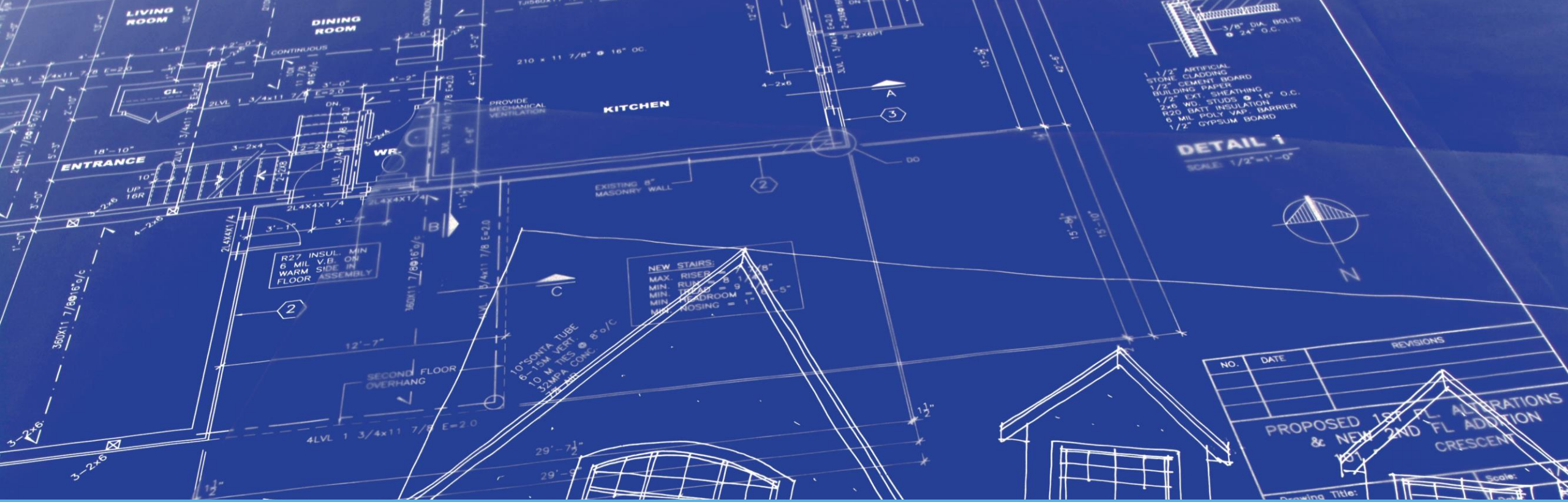
- Boyd County, Caldwell County, Christian County, Clark County, Clay County, Estill County, Floyd County, Fulton County, Greenup County, Hart County, Hickman County, Jackson County, Johnson County, Knott County, Laurel County, Lawrence County, Lee County, Leslie County, Letcher County, Lincoln County, 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

Eligible Activities

- May include a variety of eligible homeowner rehabilitation and reconstruction activities. Subrecipients are to provide funds necessary to repair, reconstruct, or replace the damaged property as per program guidelines.
- Only costs incurred after an award will be eligible for reimbursement. Reimbursement of pre-award costs is not allowed.
- Subrecipients are authorized to provide Optional Relocation Assistance to persons displaced by assisted activities.
 - Optional Relocation Procedures available on the Disaster Website: [Kentucky DLG - DRP Grants](#).
- Funds may be provided to address site-specific accessibility needs, infrastructure repairs, site remediation, elevation, and resilience and mitigation measures.
- Properties located in an SFHA 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.

The following activities are ineligible:

- ⊗ Second homes
- ⊗ Foreclosed or seized homes
- ⊗ Assistance for the rehabilitation or reconstruction of a house, if (1) the combined household income is greater than either 120% of AMI or the national median, (2) the property was located in a floodplain at the time of the disaster, and (3) 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
- ⊗ 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



Award



Maximum Awards

Subrecipients

Subrecipients are eligible to receive an award up to \$1,000,000 based on estimated costs.

Individual Homeowners

Each rehabilitated or reconstructed home is eligible for up to \$200,000 of assistance.

For costs **less than \$50,000**,
assistance will be in the form of a grant

For costs **above \$50,000**,
assistance will be in the form of a
forgivable loan

DLG will consider exceptions to the maximum award amounts when necessary and in compliance with federal regulations.



Application Process

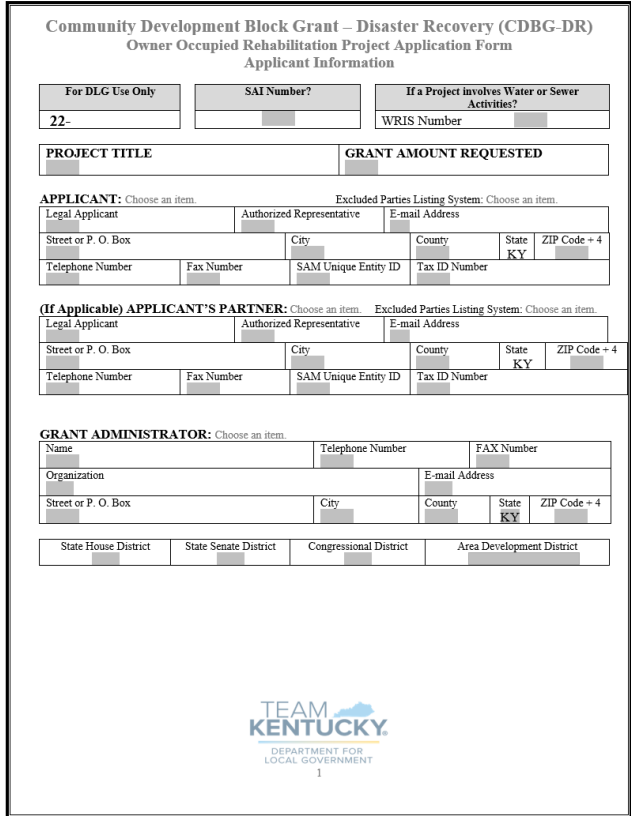


**For applications to be eligible
the project must:**

- ✔ Respond to a need
- ✔ Impact vulnerable communities
- ✔ Meet a National Objective
- ✔ Qualify as a CDBG-DR eligible activity
- ✔ Be located in a declared disaster-affect area

Application Process

- Subrecipients must download the CDBG-DR Housing Application located on the website [Kentucky DLG - DRP Grants](https://www.ky.gov/department-for-local-government/dlg-grants) and submit it with all attachments to:
 - Dlg.ofg@ky.gov or
 - Dlg.dr@ky.gov
- For specific application requirements please refer to Section 4.3 of the policy manual.
- Once applications have been scored and an award is determined, subrecipients will be notified directly from DLG by a preliminary approval letter.



Community Development Block Grant – Disaster Recovery (CDBG-DR)
Owner Occupied Rehabilitation Project Application Form
Applicant Information

For DLG Use Only 22-	SAI Number? []	If a Project involves Water or Sewer Activities? WRIS Number []
PROJECT TITLE []		GRANT AMOUNT REQUESTED []
APPLICANT: Choose an item. Excluded Parties Listing System: Choose an item.		
Legal Applicant []	Authorized Representative []	E-mail Address []
Street or P. O. Box []	City []	County, State, ZIP Code + 4 [] KY []
Telephone Number []	Fax Number []	SAM Unique Entity ID [] Tax ID Number []
(If Applicable) APPLICANT'S PARTNER: Choose an item. Excluded Parties Listing System: Choose an item.		
Legal Applicant []	Authorized Representative []	E-mail Address []
Street or P. O. Box []	City []	County, State, ZIP Code + 4 [] KY []
Telephone Number []	Fax Number []	SAM Unique Entity ID [] Tax ID Number []
GRANT ADMINISTRATOR: Choose an item.		
Name []	Telephone Number []	FAX Number []
Organization []	E-mail Address []	
Street or P. O. Box []	City []	County, State, ZIP Code + 4 [] KY []
State House District []	State Senate District []	Congressional District [] Area Development District []

TEAM KENTUCKY. DEPARTMENT FOR LOCAL GOVERNMENT
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Sample Program Application

Homeowner Application Intake

- Subrecipients will act as an agent on behalf of the homeowners to provide services related to this program.
- Once eligibility has been established, homeowner application intake can begin
- Information that needs to be included on all homeowner intake forms can be found in Section 4.7.1 of the policy manual.

Duplication of Benefits (DOB)

- 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 Assistance (FEMA)
 - Loans from the Small Business Administration (SBA)
 - Any other assistance from other government or private non-profit sources

The Duplication of Benefits process is described in detail in [Chapter 10](#) of the CDBG-DR subrecipient manual.



Inspections

1. After award and before construction, a site inspection of the property must be conducted by the Subrecipient to determine the type and cost of work necessary.
2. After inspection, the work that needs to be completed should be written down.
 - o A sample work-write up and cost estimate form are provided with Chapter 6 of the Subrecipient Manual

Sample Work Write-up Form

WORK WRITE UP AND COST ESTIMATE

Applicant: Account ID:

Inspector: Date Inspected:

Location/Item	Description	Estimated Cost
Ex: Living Room	10' X 15'	\$ 0.00
Floors	Remove existing sub floor (approx. 210 SF) and replace with new sub floor (5/8" Min)	\$ 300.00
	Install sheet vinyl over wood surface, "Armstrong Standard" or equal (approx. 210 SF)	\$ 800.00

Subrecipients will act as an agent on behalf of the homeowners to provide services related to this program:

Tier	Description
1	An EA will be completed for the Program for the HUD and State MID counties.
2	<p>Environmental Reviews will be conducted for each property that is being evaluated under the program.</p> <p>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).</p> <p>These reviews must be conducted by the subrecipient in a manner that satisfies the requirements of NEPA and HUD’s NEPA implementing regulations (24 CFR 58)</p>

Environmental Review

- From the time of application through the completed environmental review, no work should be performed on eligible homes participating in the program.

More detail on Environmental Review requirements is provided in **Chapter 2** of the Subrecipient Manual.

All subrecipients must meet the Green and Resilient Building Standards:

- For non-substantial rehabilitation:
 - Subrecipients must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist (11-2).
- For rehabilitation of substantially damaged properties and reconstruction:
 - 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.

Lead-Based Paint

- All units in a project assisted with CDBG-DR funds must comply with 24 CFR Part 35 (Lead Safe Housing Rule)
- More information and required forms are provided in Chapter 2 of the Subrecipient Manual.

The levels of assistance and applicable requirements are:

Level of Assistance	Applicable Requirements
<\$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.



Homeowner Responsibilities



Homeowner Grant Determination

- 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.
- Ineligible costs include:
 - Income payments
 - Luxury or non-standard items
 - Labor time for sweat equity
- Upgrades
 - The Program will not allocate funding for payment of any upgrades.
 - If homeowners elect to modify or deviate from the designs or scope of work they must use their own personal funds to do so.

Homeowner Agreements

- All homeowners are required to sign a grant agreement to comply with Program requirements.
- The grant agreement should require the owner to certify the following:
 - Award Calculation
 - Property Ownership
 - Primary Residency
 - Insurance Requirements
 - Agree to subrogation requirements detailed in the DOB Chapter 10 of the Subrecipient Manual
 - Deed restriction to maintain FEMA flood insurance for life of the property, where applicable.
 - Declaration of covenants and restrictions
- A sample of a Homeowner Grant Agreement can be found on the disaster website: [Kentucky DLG - DRP Grants](#)

SAMPLE REHABILITATION GRANTING AGREEMENT

DATE: _____ REFERENCE #: _____
OWNER(S): _____ ADDRESS: _____

THIS AGREEMENT, made this ___ day of _____, by and between the City/County of _____ (hereinafter referred to as the Grantee), and _____ (hereinafter referred to as Owner(s)).

WHEREAS, the Grantee is eligible to make rehabilitation grants/loans as provided for under the Housing and Community Development Act of 1977, amending the same Act of 1974; and,

WHEREAS, said grant referred to in the Granting Agreement between the Commonwealth of Kentucky and the Grantee, as a FORGIVABLE LOAN; and

WHEREAS, the Owner(s) have met all of the qualifications prescribed under the rules and regulations of the above mentioned Acts and the regulations heretofore adopted by the Grantee for the making of such grants; and

WHEREAS, Owner(s) have heretofore made application for such grant to the Grantee in the amount of _____ DOLLARS (\$ _____), and the application has been approved by the duly authorized officers for the Grantee on _____.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, the parties hereto agree as follows:

1. DESCRIBED PROPERTY TO BE REHABILITATED

The Grantee shall give and make a rehabilitation loan to the above referenced Owner(s) in the amount of _____ DOLLARS (\$ _____) to be used for the improvements of the premises located on the real property described as follows:

SEE LEGAL DESCRIPTION ATTACHMENT "A"

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Sample Homeowner Grant Agreement

Homeowner Lien Agreement

- Assistance over \$50,000 will be provided in the form of a forgivable loan.
- 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 property be sold, vacated or its use changed prior to the expiration of the note, the owner owes the subrecipient whatever balance remains on the note.
- A Mortgage Agreement and Promissory Note Template can be found on the Disaster website: [Kentucky DLG - DRP Grants](#).

PROMISSORY NOTE
(Secured by Mortgage on Real Estate)
(SAMPLE ONLY: Please have Grantee Attorney prepare in accordance with local policy.)

DATE: _____	REFERENCE #: _____
MORTGAGOR: _____	SECURED ADDRESS: _____
FUNDING SOURCE: _____	AMOUNT SECURED: \$ _____

FOR VALUE RECEIVED, the undersigned, jointly and severally promises to pay the GRANTEE, _____, at such place as the holder of this note shall designate in writing, the principal sum of _____ DOLLARS (\$ _____) immediately and without

part at any time without penalty or premium.

MORTGAGOR

Sample Promissory Note



Construction



- 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 contractor.
- The subrecipient will complete a thorough inspection of the property.
- The homeowner will use the Work Write-up and Cost Estimate to solicit three quotes from different construction contractors.

Upon selection of contractor, the subrecipient will verify:

- ✓ Costs are reasonable and necessary
- ✓ Contractor is properly licensed
- ✓ Contractor is not on a debarred list or subcontract to entities on a debarred list
- ✓ Contractor has provided a project completion plan detailing work and timeframe

Pre-Construction

- The subrecipient will facilitate an agreement between the homeowner and the contractor.
- The subrecipient must hold a pre-construction conference.
- Contractors or subcontractors for all rehabilitation and reconstruction triggering Section 3 are required to comply with all regulation

For more detail please refer to the policy manual and **Chapter 6** of the Subrecipient Manual.

- Contractors must follow all applicable building codes listed in Chapter 6 of the Subrecipient Manual.
- Once a contract is executed, the subrecipient shall issue a Notice to Proceed.
 - A sample Notice to Proceed (6-19) is provided with Chapter 6 of the Subrecipient Manual.
- Subrecipients are responsible for monitoring the progress of construction projects.

NOTICE TO PROCEED

TO: _____
FROM: _____
SUBJECT: Notice to Proceed with Rehabilitation/Reconstruction

_____ as owner(s) of the property located at _____
award the rehabilitation contract to _____
on _____

Contractor is hereby notified to commence work set forth in the contract on or before _____

All work is to be done in accordance with program specifications, conditions provided in the contract, and the work write-up that has my (our) initials on each page and signature on last page.

The project must be fully complete within _____ consecutive calendar days after _____
The date of completion of all work is, therefore _____.

If the contractor does not commence work within the specified time, I (We) may upon proper notification, consider the rehabilitation contract to be in default.

Owner Signature:	_____	Date:	_____
Owner Signature:	_____	Date:	_____
Contractor Signature:	_____	Date:	_____
Grantee Signature:	_____	Date:	_____

Sample Notice to Proceed



Closeout



- The contractor must certify completion of work and submit final request for payment.
- Subrecipient must make the final inspection and prepare a written report prior to issuance of final payment.
- Before making final payment the subrecipient should:
 - Have the contractor sign an affidavit terminating the contract and releasing all liens;
 - Have the contractor provide all warranty documents and subcontractor release of lien waivers prior to final payout.
- If the inspection is satisfactory, the subrecipient can then issue acceptance of work and final payment.

More detail is provided in [Chapter 6](#) of the Subrecipient Manual

- Once the final Construction Closeout documentation has been submitted by the contractor, the Subrecipient must:
 - Work with homeowners to collect all closeout documentation for their file;
 - Collect evidence that the property is covered by flood insurance, if required;
 - Continue to monitor DOB compliance;
 - Hold a public hearing and submit a final report.

More detail pertaining to Project Closeout can be found in **Chapter 14** of the Subrecipient Manual.

- Records must be kept to document compliance with program requirements, with federal, state, and local regulations, and to facilitate audit review by HUD and other designated auditors.
- All records pertaining to the project must be maintained for 5 years from the date of project closeout.
- Subrecipients must maintain records for each household that received CDBG-DR assistance.
 - 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.
 - Records should be maintained on each household related to any repairs, construction, or clean up of the property.
- CDBG-DR records, including program documents, are subject to the Freedom of Information Act (FOIA).

For more detail on Records Management please refer to **Chapter 1** of the Subrecipient Manual.



Resources

1. [Link](#) to policy on DLG website
2. [Link](#) to subrecipient manual on website
3. [Link](#) to Action Plan on website

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