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DEFINITIONS AND ACRONYMS

The following terms and acronyms are used throughout the Management Guide:

Administrative Plan: A document that a housing fund recipient establishes that describes the operation of a funded activity in compliance with all state and federal requirements.

Annual (Gross) Income: This is the definition of the Section 8 Existing Housing Program. Annual (Gross) Income is used in determining the income of a household for initial eligibility.

Assisted Units: Units for which CDBG funds are used.

CDBG: Community Development Block Grant

CEO: Chief Elected Official (i.e., Mayor or Board of Supervisors chair)

CFR: Code of Federal Regulations

Household: One or more persons occupying a housing unit.

HUD: U.S. Department of Housing and Urban Development

IEDA: Iowa Economic Development Authority

IOWAGRANTS.GOV. "Iowa Grants.gov" means Iowa's Funding Opportunity Search and Grant Management System. This system allows you to electronically apply for and manage grants received by the state of Iowa. Persons accessing the system for this purpose are required to register online at www.IowaGrants.gov.

Lead Hazard Reduction: The reduction or abatement of lead-based paint hazards which include deteriorated lead-based paint; lead-based paint on friction surfaces, impact surfaces and accessible surfaces; and dust and soil that are contaminated with lead above a specified standard.

Lead Professional: A person who conducts lead abatement, lead inspections, elevated blood level (EBL) inspections, lead hazard screens, risk assessments, visual risk assessments, clearance testing after lead abatement, lead hazard reduction, or clearance testing after interim controls, paint stabilization, or standard treatments, ongoing lead-based paint maintenance, or rehabilitation pursuant to 24 CFR 35.1340.

Lead-Based Paint Activities: Activities, including minor heating, ventilation or air-conditioning work, electrical work, and plumbing, that disrupts less than the minimum areas of a painted surface established in this definition where none of the work practices prohibited or restricted by this chapter are used and where the work does not involve window replacement or demolition of painted surface areas. When painted components or portions of painted components are removed, the entire surface area removed is the amount of the painted surface disturbed. Projects, other than emergency renovation, performed in the same room within the same 30 days must be considered the same project for the purpose of determining whether the project is a minor repair and maintenance activity. Renovations perfected in response to an elevated blood lead (EBL) inspection are not considered minor repair and maintenance activities. The minimum area for minor repair and maintenance activities is:

1. Less than 1.0 square foot of an interior painted or finished wood surface per renovation;
2. Less than 6.0 square feet of a painted or finished drywall or plaster surface per room; or
3. Less than 20.0 square feet of an exterior painted or finished surface per renovation.

Projects performed pursuant to 24 CFR 35 shall comply with the de minimis levels in 24 CFR 35.1350 if these de minimis levels are more restrictive than the minimum areas of a painted surface established in this definition.

Lead-Based Paint Hazard: Any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, or lead-based paint that is deteriorated or present in accessible surfaces, friction surfaces, and impact surfaces that would result in adverse human health effects.

Lead-Based Paint: Paint or other surface coatings that contain lead equal to or in excess of 1.0 milligram per square centimeter or more than 0.5 percent by weight.

LMI: Low- and moderate-income (generally describes households with incomes less than 80 percent of the area median family income).

MBE/WBE: Minority-owned business enterprise/Woman-owned business enterprise

MFI: Area median family income (which HUD issues by family size and by county).

OMB: Office of Management and Budget (Federal)

Recaptured Funds: Housing fund moneys which are recouped by the recipient when the housing unit assisted by the housing fund dollars does not continue to be the principal residence of the assisted homebuyer (i.e., is sold or transferred) for the full affordability period required by federal statute. Recaptured funds are not program income.

Recipient: The entity under contract with IEDA to receive CDBG funds and undertake a funded activity.

Repayment: Housing fund moneys which the recipient must repay to IEDA because the funds were invested in a project or activity that is terminated before completion or were invested in a project or activity which failed to comply with federal requirements (including long-term affordability).

Single Family Unit: One dwelling unit designated or constructed to serve only one household or family as the primary residence. Single-family units include a detached single unit, condominium unit, cooperative unit or combined manufactured housing unit and lot.

Subrecipient: An entity operating under an agreement or contract with a recipient to carry out a funded activity as approved by IEDA.

REQUIREMENTS FOR SUBRECIPIENT AGREEMENTS

Note: If you will be receiving CDBG funds for housing rehabilitation, please refer to Appendix 5 “Residential Sustainability Program” for the Subrecipient Agreement parameters.

At a minimum, the written agreement with the subrecipient must include provisions concerning the following items:

- statement of work including description, schedule and budget
- records and reports
- program income
- uniform administrative requirements
- other program requirements
- conditions for religious organizations
- unallowable costs
- suspension and termination
- reversion of assets
- default and notice of default

The statement of work and records to be maintained provide the foundation for recipient monitoring of subrecipient performance. These will vary by activity and recipient. Most of the other elements of the subrecipient agreement generally can be covered by standard language.

Included in this appendix is a sample of an acceptable subrecipient agreement format. This subrecipient agreement is not intended to be all-inclusive; it merely provides guidance to ensure compliance with CDBG regulations. There are a variety of factors that can alter the exact composition of the agreement. Regardless, it is important that the agreement delineates the functions and responsibilities of each party. Please consult with your city attorney, county attorney or legal counsel to ensure the subrecipient agreement meets your needs.

In cases where the subrecipient will enter into contractual arrangements for professional and construction services, the subrecipient agreement must certify that the subrecipient will recognize and adhere to all applicable CDBG regulations (e.g., labor standards, procurement, financial management, civil rights, etc.) and contract conditions. Additionally, the subrecipient must be required to submit reports to the recipient (at least quarterly) so the recipient can satisfy its reporting requirements to IEDA.

SUBRECIPIENT AGREEMENT FOR FEDERALLY FUNDED PROJECT

SAMPLE

THIS CONTRACT, made and entered into this ____ day of _____, 20__ by and between _____, IOWA, (hereinafter called the "Local Government"); and, _____, (hereinafter called "the Subrecipient") WITNESSETH THAT:

WHEREAS, [Local Government], at the request of the Subrecipient, has applied to the Iowa Economic Development Authority for a grant of federal funds from the U.S. Department of Housing and Urban Development pursuant to Title I of the Housing and Community Development Act of 1974 and Chapter 23 of the Iowa Administrative Code to: (describe project activities and performance targets); and,

WHEREAS, the [Local Government] has been awarded a grant of funds as aforesaid in the amount of \$ _____ subject to the condition that the [Local Government] provide a local matching contribution in the amount of \$ _____; and,

WHEREAS, the parties hereto desire to make a written agreement with respect to said funds and the implementation of the project to which they pertain;

NOW, THEREFORE, the parties hereto have agreed to the terms and conditions as hereafter stated:

Section 1. Matching Funds. The Subrecipient shall expend the sum of \$ _____ of its own funds constituting X % of the local matching contribution (for what? when infused? how managed?).

Section 2. Construction Contracts and Services. The [Local Government / Subrecipient] shall, for the purpose of constructing the aforesaid proposed project, proceed forthwith to engage the services of an architect/engineer, adopt plans and specifications, and award construction contracts in accordance with the laws and regulations of the State of Iowa and of the United States.

Section 3. Administration. The administration of the CDBG Contract # _____ and all transactions involving the expenditure of any of the grant funds within the scope of said contract shall be the sole prerogative of the [Local Government] carried out in such manner as it deems appropriate and consistent with Title I of the Housing and Community Development Act of 1974, 261--Chapter 23 of the Iowa Administrative Code and the contract between IEDA and the Local Government.

Section 4. Property Ownership. Any and all improvements or property, real or personal, constructed, installed, or acquired pursuant to this contract shall be and remain the property of the Subrecipient (provide any conditions as appropriate here). If, from the date funds are first spent for the property until five years after closeout of the [Local Government]'s grant the use or planned use of the property is proposed to be changed, then the subrecipient shall notify the [Local Government] of the proposed change. The [Local Government] shall contact the Iowa Economic Development Authority for instructions on how to proceed. If the Subrecipient proceeds with a use determined by the IEDA to be inconsistent with the use of the CDBG funds, the Subrecipient shall reimburse the [Local Government] and the [Local Government] shall reimburse the IEDA in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds.

Section 5. Proposed Project. The Subrecipient shall grant access to the premises and Subrecipients' program records for the [Local Government] and its contractors to perform such required functions consistent with the CDBG contract as the [Local Government] shall deem appropriate.

Section 6. Excess Costs. It is agreed that if the construction of said project results in contractual liability of the [Local Government] in an amount greater than said funds as stated in Section 1, the

Subrecipient shall be responsible for covering 100% of excess costs and hold the [Local Government] free of any contractual liability.

Section 7. Indemnification. The Subrecipient shall hold the [Local Government] and its officers and employees harmless from any and all claims, losses, damages or liability whatsoever resulting from or arising out of this contract or the project to which is pertains.

Section 8. Unallowable Costs. If [Local Government] determines at any time, whether through monitoring, audit, closeout procedures or by other means or process that the Subrecipient has expended funds which are unallowable, the Subrecipient will be notified of the questioned costs and given an opportunity to justify questioned costs prior to [Local Government]'s final determination of the disallowance of costs. If it is [Local Government]'s final determination that costs previously paid by the [Local Government] are unallowable under the terms of the Agreement, the expenditures will be disallowed and the Subrecipient shall repay to [Local Government] any and all disallowed costs.

Section 9. Events of Default. The following shall constitute Events of Default under this Agreement:

- a. **Material Misrepresentation**. If at any time any representation, warranty or statement made or furnished to the [Local Government] by, or on behalf of the Subrecipient in connection with this Agreement or to induce the [Local Government] to make a grant to the Subrecipient shall be determined by the [Local Government] to be incorrect, false, misleading or erroneous in any material respect when made or furnished and shall not have been remedied to the [Local Government]'s satisfaction within thirty (30) days after written notice by the [Local Government] is given to the Subrecipient.
- b. **Noncompliance**. If there is a failure by the Subrecipient to comply with any of the covenants, terms or conditions contained in this Agreement.
- c. **Agreement Expiration Date**. If the Project, in the sole judgment of the [Local Government], is not completed on or before the Agreement Expiration Date.
- d. **Misspending**. If the Subrecipient expends Grant proceeds for purposes not described in the CDBG application, this Agreement, or as authorized by the [Local Government].
- e. **Insurance**. The following provision shall apply to Activity Number(s) _____. If loss, theft, damage or destruction of any substantial portion of the property of the Subrecipient occurs for which there is either no insurance coverage or for which, in the opinion of the [Local Government], there is insufficient insurance coverage.

Section 10. Notice of Default. [Local Government] shall issue a written notice of default providing therein a fifteen (15) day period in which the Subrecipient shall have an opportunity to cure, provided that cure is possible and feasible.

Section 11. Remedies upon Default. If, after opportunity to cure, the default remains, [Local Government] shall have the right, in addition to any rights and remedies available to it to do one or both of the following:

- a. exercise any remedy provided by law;
- b. require immediate repayment of up to the full amount of funds disbursed to the Subrecipient under this Agreement plus interest.

Section 12. Miscellaneous. Neither party to this contract shall assign its rights and obligations hereunder without the prior written authorization of the other party. This contract shall be governed by the laws of the State of Iowa. In the event any provision of this contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. The terms and conditions of this contract may be amended only by written instrument executed by both parties and, when necessary, with the concurrence of the State of Iowa, Iowa Economic Development Authority. Such amendments include any deviation from the recipient program schedule, or

other terms and conditions provided for by the Iowa Economic Development Authority contract number which is by this reference incorporated herein and made a part hereof of this Subrecipient agreement.

Section 13. Federal Laws. By virtue of the federal funding provided for under this agreement, the parties hereto shall be bound by and adhere to all applicable federal laws, rules, policies, orders and directions, including by way of specification but not limited to the following:

- a. The requirements of Executive Order 11246, as amended by Presidential Executive Order 11375 and the regulations issued under the Order at 41 CFR Chapter 60.
- b. The requirements of Executive Orders 11625, 12432, and 12138. Consistent with responsibilities under these Orders, the provider must make efforts to encourage the use of minority- and women-owned business enterprises in connection with activities funded under this part.
- c. The maintenance of books, records, documents and other such evidence pertaining to all costs and expenses incurred and revenues received under this contract/subagreement to the extent and in such detail as will properly reflect all costs, direct and indirect, of labor, materials, and equipment, supplies, services, and other costs and expenses of whatever nature, for which payment is claimed under their contract/subagreement as specified in 261- Chapter 23, Iowa Administrative Code and 2 CRF 200
- d. At any time during normal business hours and as frequently as deemed necessary, the parties heretofore shall make available to the Iowa Economic Development Authority, the State Auditor, the General Accounting Office, and the Department of Housing and Urban Development, for their examination, all of its records pertaining to all matters covered by this contract/subagreement and permit these agencies to audit, examine, make excerpts or transcripts from such records, contract, invoices, payrolls, personnel records, conditions of employment, and all other matters covered by this contract/subagreement.
- e. Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5), where applicable under Section 110 of the Housing and Community Development Act of 1974, as amended; Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.); the Copeland Anti-Kickback Act (18 U.S.C. 874); and regulations which implement these laws.
- f. Contracts in excess of \$100,000 shall require compliance with the following laws and regulations: Section 306 of the Clean Air Acts (42 U.S.C. 1857(h)); Section 508 of the Clean Water Act (33 U.S.C. 1368); Executive Order 11738; EPA Regulations - 40 CFR, Part 15; as applicable.
- g. Procurement. For purposes of this agreement Cities and Counties are required to adopt the federal procurement policies and procedures that align with Federal provisions of 2 CFR 200.318-200.326. The Procurement Policy is found in "Iowa Community Development Block Grant Management Guide", as found on the Authority's website at www.iowaeconomicdevelopment.com/Community/CDBG.
- h. CIVIL RIGHTS

(a) DISCRIMINATION IN EMPLOYMENT. The Recipient shall not discriminate against any qualified employee or applicant for employment because of race, color, religion, sex, national origin, age, sexual orientation, gender identity, familial status, physical or mental disability. The Recipient may take affirmative action to ensure that applicants are employed and that employees are treated without regard to their race, color, religion, sex, national origin, age, sexual orientation, familial status, gender identity, or physical or mental disability. Such action shall include, but may not be limited to, the following: employment, upgrading, promotion, demotion or transfers; recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation; and selection for training, including an apprenticeship. The Recipient agrees to post notices setting forth the provisions of the nondiscrimination clause in conspicuous places so as to be available to employees Upon the State's written request, the Recipient shall submit to the State a copy of its affirmative action plan, containing goals and time specifications, and accessibility plans and policies as required under Iowa Administrative Code chapter 11—121.

(b) CONSIDERATION FOR EMPLOYMENT. The Recipient shall, in all solicitations or advertisements for employees placed by or on behalf of the Recipient, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age, sexual orientation, gender identity, physical or mental disability, or familial status.

(c) SOLICITATION AND ADVERTISEMENT. The Recipient shall list all suitable employment openings in the State Employment Service local offices.

(d) CIVIL RIGHTS COMPLIANCE IN EMPLOYMENT. The Recipient shall comply with all relevant provisions of the Iowa Civil Rights Act of 1965 as amended; Chapter 19B.7 and Chapter 216, Code of Iowa; Federal Executive Order 11246, as amended; Title VI of the U.S. Civil Rights Act of 1964 as amended (42 U.S.C. Section 2000d et seq.); the Fair Labor Standards Act (29 U.S.C. Section 201 et seq.); The Americans with Disabilities Act, as applicable, (P.L. 101 336, 42 U.S.C. 12101-12213); Section 504 of the Rehabilitation Act of 1973 as amended (29 U.S.C. Section 794); and the

Age Discrimination Act of 1975 as amended (42 U.S.C. Section 6101 et seq.). The Recipient will furnish all information and reports requested by the State of Iowa or required by or pursuant to the rules and regulations thereof and will permit access to payroll and employment records by the State of Iowa to investigate compliance with these rules and regulations.

(e) CERTIFICATION REGARDING GOVERNMENT-WIDE RESTRICTION ON LOBBYING. The Recipient certifies, to the best of his or her knowledge and belief, that:

(i) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding any Federal contract, making any Federal grant, making any Federal loan, entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(ii) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Federal Lobbying" in accordance with its instruction.

(iii) The Recipient shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

(iv) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(f) PROGRAM NONDISCRIMINATION. The Recipient shall conform with requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and HUD regulations issued pursuant thereto contained in 24 CFR Part 1. No person in the United States shall, on the basis of race, color, national origin, sex or religion or religious affiliation, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available through this Contract. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified individual with a disability as provided in the Americans with Disabilities Act, as applicable, (P.L. 101 336, 42 U.S.C. 12101 12213) or Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) shall also apply to any such program or Project.

(g) FAIR HOUSING. The Recipient shall comply with Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), generally known as the Fair Housing Act, and with HUD regulations found at 24 CFR Part 107, issued in compliance with Federal Executive Order 11063, as amended by Federal Executive Order 12259. The recipient shall also comply with Section 109, Title I of the Housing and Community Development Act of 1974, as amended.

(h) SECTION 3 COMPLIANCE.

(i) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section

3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

(ii) The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.

(iii) The contractor agrees to post copies of a notice advising workers of the Contractor's commitments under Section 3 in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

(iv) The contractor agrees to provide written notice of employment and contracting opportunities to all known Section 3 Workers and Section 3 Businesses.

(v) The contractor agrees to hire, to the greatest extent feasible, Section 3 workers as new hires, or provide written justification to the recipient that is consistent with 24 CFR Part 75, describing why it was unable to meet minimum numerical hiring goals, despite its efforts to comply with the provisions of this clause.

(vi) The contractor agrees to maintain records documenting Section 3 residents that were hired to work on previous Section 3 covered projects or activities that were retained by the contractor for subsequent Section 3 covered projects or activities.

(vii) The contractor agrees to post contract and job opportunities to the Opportunity Portal, and will check the Business Registry for businesses located in the project area.

(viii) The contractor agrees to include compliance with Section 3 requirements in every subcontract for Section 3 projects as defined in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.

(ix) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

(x) The contractor will certify that they have followed prioritization of effort in 24 CFR part 75.19 for all employment and training opportunities. The contractor will further certify that it meets or exceeds the applicable Section 3 benchmarks, defined in 24 CFR Part 75.23, and if not, shall describe in detail the qualitative efforts it has taken to pursue low- and very low-income persons for economic opportunities.

(xi) Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

(i) **NONCOMPLIANCE WITH THE CIVIL RIGHTS LAWS.** In the event of the Recipient's noncompliance with the nondiscrimination clauses of this Contract or with any of the aforesaid rules, regulations, or requests, this Contract may be canceled, terminated, or suspended either wholly or in part. In addition, the State of Iowa may take further action, imposing other sanctions and invoking additional remedies as provided by the Iowa Civil Rights Act of 1965 (Chapter 216, Code of Iowa) or as otherwise provided by law.

(j). Others as applicable

Section 14. Termination.

(a) FOR CAUSE. The Local Government may terminate the Contract in whole, or in part, whenever the Local Government determines that the Subrecipient has failed to comply with the terms and conditions of the Contract.

(b) FOR CONVENIENCE. The Parties may terminate the Contract in whole, or in part, when all parties agree that the continuation of the Project would not produce beneficial results commensurate with the future disbursement of funds.

(c) DUE TO REDUCTION OR TERMINATION OF CDBG FUNDING. At the discretion of the Local Government, the Contract may be terminated in whole, or in part, if there is a reduction or termination of CDBG Federal block grant funds to the State.

Section 16. Procedures Upon Termination. This contract may be terminated by discretion of the Local Government by providing written notice to be conveyed via certified mail 30 days in advance. Project costs incurred to be paid through the effective termination date.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized representatives.

LOCAL GOVERNMENT: _____

By: _____ Date: ____ / ____ / ____

Attested By: _____ Date: ____ / ____ / ____

SUBRECIPIENT: _____

By: _____ Date: ____ / ____ / ____

Attested by: _____ Date: ____ / ____ / ____

POLICY ON THE PROHIBITION OF THE USE OF EXCESSIVE FORCE

WHEREAS, *{jurisdiction}* has received federal funding through the Community Development Block Grant (CDBG) program; and,

WHEREAS, Section 519 of the Department of Veteran Affairs and U.S. Department of Housing and Urban Development, and Independent Agencies Appropriations Act of 1990 requires that all CDBG recipients adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within the recipient's jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

WHEREAS, all recipients of CDBG funds are further required to follow a policy of enforcing applicable state and local laws against physically barring entrances or exits to a facility that is the subject of a nonviolent protest demonstration; and

WHEREAS, *{jurisdiction}* endorses a policy prohibiting the use of excessive force and will inform all law enforcement agencies within its jurisdiction of this policy,

NOW, THEREFORE, BE IT RESOLVED, *{jurisdiction}* hereby prohibits any law enforcement agency operating within its jurisdiction from using excessive force against any individuals engaged in nonviolent civil rights demonstrations. In addition, *{jurisdiction}* agrees to enforce any applicable state or local laws against physically barring entrances or exits from a facility or location that is the subject of a non-violent protest demonstration. *{jurisdiction}* further pledges enforcement of this policy within its jurisdiction and encourages any individual or group who feels that *{jurisdiction}* has not complied with this policy to file a complaint.

Information and assistance relative to excessive force complaints shall be provided by *{name and phone number of the jurisdiction's office responsible for policy enforcement}*.

Adopted by *{jurisdiction}* this ____ day of _____, 20 ____

Signed *{chief elected official}* _____

SAMPLE EQUAL OPPORTUNITY POLICY STATEMENT

DATE: ____ / ____ / ____

It is the policy of (*City/County*) to provide equal opportunity to all employees, applicants and program beneficiaries; to provide equal opportunity for advancement of employees; to provide program and employment facilities which are accessible to the handicapped and to administer its programs in a manner that does not discriminate against any person because of race, creed, color, religion, sex, national origin, disability, age, familial status, political affiliation, citizenship or sexual orientation.

The *Mayor/Chairperson* has ultimate responsibility for the overall administration of the affirmative action/equal opportunity program. The total integration of equal opportunity into all parts of personnel and program management is the *Mayor/Chairperson's* responsibility. The *Mayor/Chairperson* will review all policies and procedures as they affect equal opportunity and affirmative action and ensure compliance with relevant federal and state statutes.

The right of appeal and recourse is guaranteed by (*City/County*). Any person who feels that he or she has been denied employment, participation, representation, or services in any program administer by the (*City/County*) because of race, creed, color, religion, sex, national origin, age, disability, political affiliation, sexual orientation, or citizenship has the right to file an equal opportunity complaint. Information and assistance relative to equal opportunity complaints shall be provided by _____, who can be contacted at _____.

This Equal Opportunity Policy of the (*City/County*) shall be posted in conspicuous places within the facility, distributed to all employees, contractors and to the persons of all advisory and policy-making groups.

Mayor/Chairperson
City/County

GUIDE FORM RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

This Residential Anti-displacement and Relocation Assistance Plan is prepared by *[name of city/ county]* in accordance with the Housing and Community Development Act of 1974, as amended; and HUD regulations at 24 CFR 42.325 and is applicable to our CDBG¹, UDAG and/or HOME-assisted projects.

Minimize Displacement

Consistent with the goals and objectives of activities assisted under the Act, [jurisdiction] will take the following steps to minimize the direct and indirect displacement of persons from their homes: *(The steps provided below are examples only, each jurisdiction must determine the actions it will take based on local needs and priorities.)*

- Coordinate code enforcement with rehabilitation and housing assistance programs.
- Evaluate housing codes and rehabilitation standards in reinvestment areas to prevent undue financial burden on established owners and tenants.
- Stage rehabilitation of apartment units to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
- Arrange for facilities to house persons who must be relocated temporarily during rehabilitation.
- Adopt policies to identify and mitigate displacement resulting from intensive public investment in neighborhoods.
- Adopt policies which provide reasonable protections for tenants faced with conversion to a condominium or cooperative.
- Adopt tax assessment policies, such as deferred tax payment plans, to reduce impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas.
- Establish counseling centers to provide homeowners and tenants with information on assistance available to help them remain in their neighborhood in the face of revitalization pressures.
- Where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement.
- If feasible, demolish or convert only dwelling units that are not occupied or vacant occupiable dwelling units (especially those units which are “lower-income dwelling units” (as defined in 24 CFR 42.305).
- Target only those properties deemed essential to the need or success of the project.

Relocation Assistance to Displaced Persons

[city/county] will provide relocation assistance for lower-income tenants who, in connection with an activity assisted under the [CDBG and/or HOME] Program[s], move permanently or move personal property from real property as a direct result of the demolition of any dwelling unit or the conversion of a lower-income dwelling unit in accordance with the requirements of 24 CFR 42.350. A displaced person who is not a lower-income tenant, will be provided relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24.

¹ CDBG programs include: Entitlement Community Development Block Grant (CDBG) Program, State CDBG Program, CDBG Small Cities Program, Section 108 Loan Guarantee Program, CDBG Special Purpose Grants Program, and the Neighborhood Stabilization Program (NSP).

One-for-One Replacement of Lower-Income Dwelling Units

The [city/county] will replace all occupied and vacant occupiable lower-income dwelling units demolished or converted to a use other than lower-income housing in connection with a project assisted with funds provided under the [CDBG and/or HOME] Program[s] in accordance with 24 CFR 42.375. Before entering into a contract committing [city/county] to provide funds for a project that will directly result in demolition or conversion of lower-income dwelling units, [jurisdiction] will make public by [describe how, such as publication in a newspaper of general circulation] and submit to HUD [the State, under the State CDBG and/or HOME Program(s)] the following information in writing:

- 1) A description of the proposed assisted project;
- 2) The address, number of bedrooms, and location on a map of lower-income dwelling units that will be demolished or converted to a use other than as lower-income dwelling units as a result of an assisted project;
- 3) A time schedule for the commencement and completion of the demolition or conversion;
- 4) To the extent known, the address, number of lower-income dwelling units by size (number of bedrooms) and location on a map of the replacement lower-income housing that has been or will be provided. NOTE: See also 24 CFR 42.375(d).
- 5) 5. The source of funding and a time schedule for the provision of the replacement dwelling units;
- 6) The basis for concluding that each replacement dwelling unit will remain a lower-income dwelling unit for at least 10 years from the date of initial occupancy; and
- 7) Information demonstrating that any proposed replacement of lower-income dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the HUD-approved Consolidated Plan and 24 CFR 42.375(b).

To the extent that the specific location of the replacement dwelling units and other data in items 4 through 7 are not available at the time of the general submission, [city/county] will identify the general location of such dwelling units on a map and complete the disclosure and submission requirements as soon as the specific data is available.

Replacement not Required Based on Unit Availability

Under 24 CFR 42.375(d), the [city/county] may submit a request to HUD (or to the State, if funded by the State) for a determination that the one-for-one replacement requirement does not apply based on objective data that there is an adequate supply of vacant lower-income dwelling units in standard condition available on a non-discriminatory basis within the area.

Contacts

The [name and phone number of the office] is responsible for tracking the replacement of lower income dwelling units and ensuring that they are provided within the required period. The [city/county] is responsible for providing relocation payments and other relocation assistance to any lower lower-income person displaced by the demolition of any dwelling unit or the conversion of lower-income dwelling units to another use.

SIGNATURE AUTHORIZATION FOR ALTERNATE SIGNATORS

Upload a scanned copy of the completed document to the Electronic Documents form in IowaGrants. Retain the original, signed copy in your files.

RE: Contract Number: _____
Recipient: _____

In the event that the Chief Elected Official (CEO) is unable to sign project related correspondence for the Recipient's above referenced contract, the following alternates are designated below. The signatures attested below are effective as of: _____.

Sincerely,

CEO

Signatory # 1

Signatory # 2

Signatory # 3

Witness

SIGNATURE AUTHORIZATION FOR CEO CHANGE

Upload a scanned copy of the completed document to the Electronic Documents form in IowaGrants. Retain the original, signed copy in your files.

RE: Contract Number: _____
Recipient: _____

Our community has had a change of Chief Elected Official (CEO). As of _____ the effective date of the change, reports and all related program correspondence will be signed by the signatory below.

Sincerely,

CEO

Witness

RECORD-KEEPING CHECKLIST

Note: If you will be receiving CDBG funds for housing rehabilitation, please refer to Appendix 5 “Sustainable Residential Program” for the Record-Keeping Checklist.

Recipients must maintain all records for five years past the grant close out date. Please note: The grant close out date is the date that state of Iowa closes its CDBG award with HUD. Contact IEDA to determine if the project’s grant been closed with HUD to ensure the record retention requirement is met.

This checklist serves only as a guide; record-keeping needs and requirements may vary from project to project.

I. Application/Contract Documents

- Copy of the CDBG application
- Amendments to the application
- Correspondence and materials related to the application
- Copy of the signed contract with IEDA
- Copies of any requests for amendments and IEDA’s response to requests

II. Citizen Participation

- Public hearing notices
- Public hearing minutes
- Proof of publication of notice/minutes
- Documentation of the accessibility of public meetings
- Documentation of process for responding to citizen complaints
- Copies of citizen complaints, grievances or comments

III. Environmental Review

If Exempt:

- Documentation of how the determination was made
- Finding of Exemption, Request for Release of Funds form
- Documentation of how the determination was made

If Categorically Excluded and Not Subject to the Related Federal Laws:

- Documentation of how the determination was made
- Finding of Categorically Exclusion, Request for Release of Funds form
- Documentation of how the determination was made

If Categorically Excluded and Subject to the Related Federal Laws:

- Documentation of how the determination was made
- Categorically Excluded Checklist
- All documentation pertaining to the Section 106 process
- A Copy of the FEMA Flood Hazard Boundary Map
- If the project is located in a floodplain: copies of the published notices
- Water Quality Map
- National Inventory Map
- County Distribution of Federally Listed Species in Iowa
- USDA NRCS Farmland Conversion Impact rating form
- Copy of the Intent to Request Release of Funds notice
- Copy of the Request for Release of Funds and Certification form
- Letter from IEDA releasing fund

If an Environmental Assessment was required:

- Documentation of how the determination was made
- Environmental Clearance Worksheet
- All documentation pertaining to the Section 106 process
- A Copy of the FEMA Flood Hazard Boundary Map
- If the project is located in a floodplain: copies of published notices
- Water Quality Map
- National Inventory Map
- County Distribution of Federally Listed Species in Iowa
- USDA NRCS Farmland Conversion Impact rating form
- Copy of the concurrent FONSI and Request for Release of Funds Notice
- Copy of the Request for Release of Funds and Certification form
- Letter from IEDA releasing funds
- Copies of citizen comments made on the environmental assessment

IV. Financial Management

- Copies of invoices for project expenses and other source documentation as applicable (e.g., purchase orders, contracts, budget transfer memoranda, time records)
- Copies of requests for funds
- Copies of State warrants
- Copies of minutes approving payment of invoices
- Bank records (e.g., canceled checks, deposit slips, bank statements)
- Written accounting procedures
- Accounting books of original and final entry
- Documentation of local effort
- Program income records

V. Professional Services and Architectural/Engineering Services Procurement

- List of firm/individuals solicited
- Written request for proposal for professional services (if secured by competitive negotiation)/request for qualifications for architect/engineer
- Evaluation criteria
- Publicized notice
- Denial/award letters
- Minutes of the meeting at which the contract was awarded

VI. Construction Contract/Labor Standards (if applicable)

- Notice of appointment of Labor Standards Officer
- Labor standards checklist
- Request for wage determination
- Copy of bid advertisement
- Copy of bid package
 - Project specifications
 - Copy of wage determination from IEDA
 - Statement of terms and conditions
 - Contractor and subcontractor certification forms
 - Bid, performance and other bond requirements
- Contract procurement and award
 - Minutes of the bid opening meeting
 - Log of bid package recipients and bidders
 - Check for contractor debarment
 - Copy of contract must include the same items as the bid package with completed forms
- Pre-construction conference report or minutes
- Copy of notice of contract award
- Notice to contractor to proceed with work
- Report of additional classifications and wage rates (if applicable)
 - Report of additional classification (HUD 4230a)
 - Additional classifications and wage rate approval
- Contractor performance records
 - Reports on job site inspections
 - Weekly payroll reports for each contractor and subcontractor and evidence of review
 - Weekly statement of compliance for each contractor/subcontractor
 - Employee interview reports
 - Log of payments made to contractor
- Records of contractor violations (if applicable)
 - Notice of contractor violation
 - Record of resolution
 - Report of wage restitution accomplished
 - Calculation of employee restitution
 - Proof of employee restitution

VII. Civil Rights/Fair Housing

- Beneficiary demographic data
- Documentation of Section 3 Worker hours worked on the project
- Documentation of Section 3 outreach activities conducted and results
- Equal Opportunity Policy and documentation of how it was made public
- Documentation of equal employment opportunity activities and results
- Current workforce analysis, if applicable
- Affirmative action plan, if applicable
- Records of discrimination complaints and how they were resolved
- Documentation of actions to affirmatively further fair housing and results, including documentation that recipient completed mandatory and optional fair housing activities
- Documentation of actions taken to solicit participation from minority- and women-owned businesses

VIII. Acquisition (for each property acquired)

- Site acquisition summary
- Copies of required notice (showing dates)
- Evidence each owner was invited to accompany the appraiser on inspection of the property
- Copy of appraisal reports and review appraiser's reports
- Copy of the written purchase offer, a statement describing the basis for just compensation, and evidence of date received by owner
- Copy of the purchase agreement
- Copy of the recorded deed
- Copy of the statement of settlement cost
- Evidence the owner received the net proceeds due from the sale (e.g., copies of canceled checks)
- Copy of any appeal concerning a payment, together with a copy of all pertinent determinations and other relevant documentation

IX. Relocation File (for each case)

- Relocation summary
- Log of advisory services and other contracts with the displaced party
- Site occupant record
- Relocation assistance request
- Proof of receipt and copy of general information notice
- Proof of receipt and copy of notice of relocation eligibility
- Proof of receipt and date notice to continue occupancy was delivered
- Proof of receipt and copy of 90-day notice to vacate (if applicable)
- Proof of receipt and copy of 30-day notice to vacate (if applicable)
- List of all replacement dwelling referrals/inspections of referred dwellings
- Date acquired unit is vacated
- Copy of inspection of replacement unit
- Copies of the appropriate benefit claim forms
- Documentation verifying eligibility of all claims
- Documentation proving receipts for all relocation payments

CITIZEN PARTICIPATION REQUIREMENTS

To comply with the participation requirements of Section 508 of the Housing and Community Development Act of 1987, local government applicants and recipients must do the following:

- 1) Conduct at least one public hearing on the activities proposed in the application and at least one public hearing on the status of funded activities.

The application hearing must include a review of: (a) how the need for the proposed activities was identified, (b) how the proposed activities will be funded and sources of funds, (c) the date the application will be submitted, (d) requested amount of federal funds, (e) estimated portion of federal funds that will benefit persons of low and moderate income, (f) where the proposed activities will be conducted, (g) plans to minimize displacement of persons and businesses as a result of funded activities, (h) plans to assist persons actually displaced and (i) the nature of the proposed activities.

The hearing on the status of funded activities must include a review of: (a) a general description of accomplishments to date, (b) a summary of expenditures to date, (c) a general description of remaining work and (d) a general description of changes made to the project budget, performance targets, activity schedules, project scope, location, objectives or beneficiaries.

- 2) Publish hearing notices in a manner consistent with requirements of the Iowa Code, Section 362.3.
- 3) Ensure the public reasonable access to all local meetings, project records and information relating to the proposed and actual use of federal funds.
- 4) Conduct all related public meetings or hearings in public buildings or facilities that are accessible to persons with disabilities.
- 5) Provide citizens names and addresses of: (a) the person(s) authorized to receive and respond to citizen proposals, questions and complaints concerning proposed or funded activities, and (b) the person(s) available and able to provide technical assistance to groups representative low- and moderate-income persons in preparing and presenting their proposals for the request and use of federal funds.
- 6) Provide translators during or written translations after public hearings attended by non-English speaking residents upon their request whenever they represent a significant proportion of the persons benefited by the proposed or actual activities. Federally assisted recipients are required to make reasonable efforts to provide language assistance to ensure meaningful access for "Limited English Proficiency" (LEP) persons to the recipient's programs and activities.

Language assistance that a recipient might provide to LEP persons include:

- Oral interpretation services
- Bilingual staff
- Telephone service lines interpreter
- Written translation service
- Translating information materials in identified language(s)

Notice of Public Hearing - Status of Funded Activities

(Sample)

NOTICE OF PUBLIC HEARING ON THE STATUS OF FUNDED ACTIVITIES FOR THE
{PROJECT NAME}.

Pursuant to the requirements of Section 508 of the Housing and Community Development Act of 1987, as amended, the _____ **City Council or** _____ **County Board of Supervisors** will hold a public hearing on **{date}** at **{time}** at **{location of meeting}**. The purpose of the hearing will be to discuss the status of funding for the **{project name and brief project description}**. The project is being funded in part through a Community Development Block Grant provided by the Iowa Economic Development Authority and **{source or sources of local matching funds}**. If you have questions concerning the project or if you require special accommodations to attend the hearing such as handicapped accessibility or translation services, you may contact **{name of person}** at **{telephone number}**. Persons interested in the status of funding or the progress of the project are welcome to attend this meeting.

CONTRACT AMENDMENT PROCEDURES

Key elements of the amendment request process are as follows:

- 1) The recipient's Chief Elected Official (CEO) can request a contract amendment to IEDA through IowaGrants.gov any time during the grant period as stated in the contract. However, IEDA will approve requests made during the last 90 days of the grant period only if revisions are necessary to complete the contract work activities.
- 2) A recipient must seek an amendment when estimated expenditures will impact a project budget line item.
- 3) When amendment requests involve substantial redistribution of funds between activities, the local government recipients must provide reasonable public notice and an opportunity for public comment on the proposed change.
- 4) Amendment requests must fully explain the reason for the amendment and be requested and signed by the CEO.
- 5) Addition of new activities will not be approved unless the new activities are eligible and the original activities will be completed according to the contract.
- 6) The recipient must be able to complete proposed activities in a reasonable period of time.

IEDA will notify the recipient through IowaGrants when an amendment is approved or denied. If IEDA determines the proposed amendment a minor amendment, IEDA will approve the amendment with no further recipient action required. If the proposed change is a major amendment, the recipient must provide justification and documentation to support the request.

Minor amendment process: The Recipient's elected official creates a letter and the Grantee Contact submits the request by clicking on "Add" in "Contract Amendments" in the recipient's IowaGrants account. The Grantee Contact completes the "Title", "Contract Amendment Type", and "Status" then clicks on "Save" The amendment is then selected and the EO letter and supporting documentation is uploaded into IowaGrants. The Project Manager then approves, defers, or rejects the amendment and sends it back to the Grantee Contact. Once approved the next level (Team Leader) at IEDA approves or rejects the request. If the Team Leader approves the amendment then the Project Manager makes the final approval and the amendment is in effect. If the amendment requires a budget change then after the Team Leader approves the amendment, it is forwarded to the Contract and Compliance Manger who makes the necessary changes and approves the amendment and then the amendment is in effect.

Major amendment process: A major amendment falls into 2 categories: 1. Federal budget and time extension. 1. A Federal budget amendment is any decrease or increase in Federal Funds. 2. Time extension (change in contract end date). Any request that will extend the contract end date over 4 years from the start date of the contract. These time extensions will be given under exceptional circumstances only.

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing
and Urban Development

OMB Approval No. 2510-0011 (exp. 11/30/2018)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

Indicate whether this is an Initial Report or an Update Report

1. Applicant/Recipient Name, Address, and Phone (include area code): _____ _____ Phone _____	2. Social Security Number or Employer ID Number: _____
3. HUD Program Name _____	4. Amount of HUD Assistance Requested/Received _____
5. State the name and location (street address, City and State) of the project or activity: _____	

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3). <input type="checkbox"/> Yes <input type="checkbox"/> No	2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9 <input type="checkbox"/> Yes <input type="checkbox"/> No.
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If you answered "No" to either question 1 or 2, **Stop!** You do not need to complete the remainder of this form. **However,** you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)

(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature: X	Date: (mm/dd/yyyy)
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Public reporting burden for this collection of information is estimated to average 2.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Privacy Act Statement. Except for Social Security Numbers (SSNs) and Employer Identification Numbers (EINs), the Department of Housing and Urban Development (HUD) is authorized to collect all the information required by this form under section 102 of the Department of Housing and Urban Development Reform Act of 1989, 42 U.S.C. 3531. Disclosure of SSNs and EINs is optional. The SSN or EIN is used as a unique identifier. The information you provide will enable HUD to carry out its responsibilities under Sections 102(b), (c), and (d) of the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235, approved December 15, 1989. These provisions will help ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. They will also help ensure that HUD assistance for a specific housing project under Section 102(d) is not more than is necessary to make the project feasible after taking account of other government assistance. HUD will make available to the public all applicant disclosure reports for five years in the case of applications for competitive assistance, and for generally three years in the case of other applications. Update reports will be made available along with the disclosure reports, but in no case for a period generally less than three years. All reports, both initial reports and update reports, will be made available in accordance with the Freedom of Information Act (5 U.S.C. §552) and HUD's implementing regulations at 24 CFR Part 15. HUD will use the information in evaluating individual assistance applications and in performing internal administrative analyses to assist in the management of specific HUD programs. The information will also be used in making the determination under Section 102(d) whether HUD assistance for a specific housing project is more than is necessary to make the project feasible after taking account of other government assistance. You must provide all the required information. Failure to provide any required information may delay the processing of your application, and may result in sanctions and penalties, including imposition of the administrative and civil money penalties specified under 24 CFR §4.38.

Note: This form only covers assistance made available by the Department. States and units of general local government that carry out responsibilities under Sections 102(b) and (c) of the Reform Act must develop their own procedures for complying with the Act.

Instructions

Overview.

- A. Coverage.** You must complete this report if:
- (1) You are applying for assistance from HUD for a specific project or activity **and** you have received, or expect to receive, assistance from HUD in excess of \$200,000 during the during the fiscal year;
 - (2) You are updating a prior report as discussed below; or
 - (3) You are submitting an application for assistance to an entity other than HUD, a State or local government if the application is required by statute or regulation to be submitted to HUD for approval or for any other purpose.

B. Update reports (filed by "Recipients" of HUD Assistance):

General. All recipients of covered assistance must submit update reports to the Department to reflect substantial changes to the initial applicant disclosure reports.

Line-by-Line Instructions.

Applicant/Recipient Information.

All applicants for HUD competitive assistance must complete the information required in blocks 1-5 of form HUD-2880:

1. Enter the full name, address, city, State, zip code, and telephone number (including area code) of the applicant/recipient. Where the applicant/recipient is an individual, the last name, first name, and middle initial must be entered.
2. Entry of the applicant/recipient's SSN or EIN, as appropriate, is optional.
3. Applicants enter the HUD program name under which the assistance is being requested.
4. Applicants enter the amount of HUD assistance that is being requested. Recipients enter the amount of HUD assistance that has been provided and to which the update report relates. The amounts are those stated in the application or award documentation. **NOTE:** In the case of assistance that is provided pursuant to contract over a period of time (such as project-based assistance under section 8 of the United States Housing Act of 1937), the amount of assistance to be reported includes all amounts that are to be provided over the term of the contract, irrespective of when they are to be received.
5. Applicants enter the name and full address of the project or activity for which the HUD assistance is sought. Recipients enter the name and full address of the HUD-assisted project or activity to which the update report relates. The most appropriate government identifying number must be used (e.g., RFP No.; IFB No.; grant announcement No.; or contract, grant, or loan No.) Include prefixes.

Part I. Threshold Determinations - Applicants Only

Part I contains information to help the applicant determine whether the remainder of the form must be completed. **Recipients filing Update Reports should not complete this Part.**

If the answer to **either** question 1 or 2 is No, the applicant need not complete Parts II and III of the report, but must sign the certification at the end of the form.

Part II. Other Government Assistance and Expected Sources and Uses of Funds.

A. Other Government Assistance. This Part is to be completed by both applicants and recipients for assistance and recipients filing update reports. Applicants and recipients must report any other government assistance involved in the project or activity for which assistance is sought. Applicants and recipients must report any other government assistance involved in the project or activity. Other government assistance is defined in note 4 on the last page. For purposes of this definition, other government assistance is expected to be made available if, based on an assessment of all the circumstances involved, there are reasonable grounds to anticipate that the assistance will be forthcoming.

Both applicant and recipient disclosures must include all other government assistance involved with the HUD assistance, as well as any other government assistance that was made available before the request, but that has continuing vitality at the time of the request. Examples of this latter category include tax credits that provide for a number of years of tax benefits, and grant assistance that continues to benefit the project at the time of the assistance request.

The following information must be provided:

1. Enter the name and address, city, State, and zip code of the government agency making the assistance available.
2. State the type of other government assistance (e.g., loan, grant, loan insurance).
3. Enter the dollar amount of the other government assistance that is, or is expected to be, made available with respect to the project or activities for which the HUD assistance is sought (applicants) or has been provided (recipients).
4. Uses of funds. Each reportable use of funds must clearly identify the purpose to which they are to be put. Reasonable aggregations may be used, such as "total structure" to include a number of structural costs, such as roof, elevators, exterior masonry, etc.

B. Non-Government Assistance. Note that the applicant and recipient disclosure report must specify all expected sources and uses of funds - both from HUD **and any other source** - that have been or are to be, made available for the project or activity. Non-government sources of

funds typically include (but are not limited to) foundations and private contributors.

Part III. Interested Parties.

This Part is to be completed by both applicants and recipients filing update reports. Applicants must provide information on:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Note: A financial interest means any financial involvement in the project or activity, including (but not limited to) situations in which an individual or entity has an equity interest in the project or activity, shares in any profit on resale or any distribution of surplus cash or other assets of the project or activity, or receives compensation for any goods or services provided in connection with the project or activity. Residency of an individual in housing for which assistance is being sought is not, by itself, considered a covered financial interest.

The information required below must be provided.

1. Enter the full names and addresses. If the person is an entity, the listing must include the full name and address of the entity as well as the CEO. Please list all names alphabetically.
2. Entry of the Social Security Number (SSN) or Employee Identification Number (EIN), as appropriate, for each person listed is optional.
3. Enter the type of participation in the project or activity for each person listed: i.e., the person's specific role in the project (e.g., contractor, consultant, planner, investor).
4. Enter the financial interest in the project or activity for each person listed. The interest must be expressed both as a dollar amount and as a percentage of the amount of the HUD assistance involved.

Note that if any of the source/use information required by this report has been provided elsewhere in this application package, the applicant need

not repeat the information, but need only refer to the form and location to incorporate it into this report. (It is likely that some of the information required by this report has been provided on SF 424A, and on various budget forms accompanying the application.) If this report requires information beyond that provided elsewhere in the application package, the applicant must include in this report all the additional information required.

Recipients must submit an update report for any change in previously disclosed sources and uses of funds as provided in Section I.D.5., above.

Notes:

1. All citations are to 24 CFR Part 4, which was published in the Federal Register. [April 1, 1996, at 63 Fed. Reg. 14448.]
2. Assistance means any contract, grant, loan, cooperative agreement, or other form of assistance, including the insurance or guarantee of a loan or mortgage, that is provided with respect to a specific project or activity under a program administered by the Department. The term does not include contracts, such as procurements contracts, that are subject to the Fed. Acquisition Regulation (FAR) (48 CFR Chapter 1).
3. See 24 CFR §4.9 for detailed guidance on how the threshold is calculated.
4. "Other government assistance" is defined to include any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance from the Federal government (other than that requested from HUD in the application), a State, or a unit of general local government, or any agency or instrumentality thereof, that is, or is expected to be made, available with respect to the project or activities for which the assistance is sought.
5. For the purpose of this form and 24 CFR Part 4, "person" means an individual (including a consultant, lobbyist, or lawyer); corporation; company; association; authority; firm; partnership; society; State, unit of general local government, or other government entity, or agency thereof (including a public housing agency); Indian tribe; and any other organization or group of people.

AUDIT & CLOSE OUT REQUIREMENTS

On July 1st of each year, IEDA will mail out a Single Audit form to all CDBG recipients with open projects during the last fiscal year. The Single Audit Form letter will instruct you to (1) determine if your contract is subject to an audit, (2) complete the form and have the recipient's CEO sign the form, (3) Upload the form to lowagrants.gov. (Note: if the project is closed, you will not be able to upload the form into lowagrants.gov. Completed forms for closed projects should be emailed to Khristy.smith@iowaeda.com.)

Contracts may be subject to audit before the closeout of the contract. 2 CFR 200 mandates that the recipients/subrecipients of federal funds expending **\$750,000 or more** within a fiscal year must have these funds audited in accordance with 2 CFR 200.

- For recipients/subrecipients expending \$750,000 or more in federal funds received from more than one source of federal funding, an organization-wide audit must be performed.
- The recipient/subrecipient should identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award information should include, as applicable, the CFDA (Catalog of Federal Domestic Assistance) title and number, award (contract) number and year, name of the Federal agency, and name of the pass-through entity.

Recipients should read and follow instructions provided on the Single Audit form.

THE CFDA Number for the CDBG Program is 14.228

- For recipients/subrecipients expending \$750,000 or more in federal funds received from a single source of funding, a project audit, targeting only transactions dealing specifically with the CDBG project, may be performed in lieu of an organization-wide audit.
- Recipients/subrecipients expending less than \$750,000 in federal funds within a year are exempt from federal audit requirements.
- IEDA reserves the right to request additional information as needed.

PLEASE SHARE THIS INFORMATION WITH YOUR AUDITOR IF AN AUDIT IS REQUIRED.

When a project is ready to close, recipients must submit a final draw request. Final draws must be submitted within 60 days of the contract end date. However, it is preferred and is a best practice to submit the final draw before the contract end date. **IEDA is under no obligation to pay draws submitted after 60 days past the contract end date.**

Depending on the type of CDBG project, you may be required to submit additional reports on your project. Other reports to be submitted at project close out include:

- Final ED report (if EDSA project)
- Form 3-D (if a Community Facilities project)

SINGLE AUDIT FORM

Recipient «Contract_Recipient»
Contract Number «Contract_Num»

Start Date: «Award_Date»
End Date: «End_Date»

The Single Audit Act of 1996, as amended, changed the threshold of required audits from entities awarded federal funds. If a unit of local government or non-profit organization has expended \$750,000 or more in federal funds from any federal sources or programs during a fiscal year, that entity is required to have these funds audited in accordance with the implementing regulations found in OMB 2 CFR part 200, subpart E; and OMB 2 CFR part 200, subpart F, as applicable; and the Iowa CDBG Management Guide. Entities that have not expended \$750,000 in federal funds in a fiscal year are not required to have an audit performed per OMB 2 CFR part 200, subpart E; and OMB 2 CFR part 200, subpart F, as applicable; and the Iowa CDBG Management Guide.

As part of the Single Audit Act requirements, IEDA is required to advise you of the Catalog of Federal Domestic Assistance (CFDA) Number of the program through which the grantee received funding. The CFDA number for the CDBG Water/Sewer program is 14.228

After reviewing the audit requirements described above, check one of the boxes below and have this form signed by the appropriate official of your organization. The completed form, with the original signature, **MUST** be returned to your Grant Administrator at:

Administrator name
Administrator address
Administrator city & zip code

Your grant administrator will then upload an electronic copy of this signed form to the Audit Document Component in IowaGrants.

NOTE TO GRANT ADMINISTRATOR: Please e-mail Khristy.smith@iowaeda.com once the electronic copy of the Single Audit Form has been uploaded into IowaGrants.

I certify that No Audit Required Audit is Required (will be available) _____

For fiscal year 2018

Mayor Signature

Date

NOTE: IEDA must receive this form back within 30 days of receipt.

Click on “Audit Documents”

The screenshot shows a web browser window with the URL <https://www.iowagrants.gov/grantComponents.do?documentPk=1332791491069>. The page displays information for a grant with Program Officer **Joseph Bonike** and an Awarded Amount of **\$300,000.00**. Below this, there are sections for Instructions, Associated Forms (with links for Status Report, Site Visit, and Contract Amendment), and Grant/Project Components (with links for Alerts, Copy, Annotations (0), and Export Grant/Project Data). The Grant/Project Components section contains a table with the following data:

Component	Last Edited
General Information	12/29/2014
WS-Main Data	09/09/2014
Activities	
WS - Budget	06/18/2012
Appropriations	05/16/2012
Section 3, Contractor Clearance, Environmental Reviews, Wage Rates, 3D, Wage Restitution	
Claims	
Contract Amendments	
Site Visits	
Close-Out	
Contract Holds	
Contract Condition Clearance Documents	09/27/2013
Audit Documents	03/11/2015
Monitoring Uploads	09/23/2014
Required Uploads	09/27/2012
Electronic Documents	01/29/2013
Correspondence	12/29/2014
Opportunity	-
Application	-
Application Versions	-
Application Annotations	-
Review Forms	-

The browser's address bar at the bottom shows the full URL: [https://www.iowagrants.gov/viewComponent.do?property\(documentPk\)=1332791491069&property\(componentDefPk\)=13123967822638&property\(componentPk\)=1337181918132](https://www.iowagrants.gov/viewComponent.do?property(documentPk)=1332791491069&property(componentDefPk)=13123967822638&property(componentPk)=1337181918132). The zoom level is set to 125%.

IEDA will provide the required form. Please click on the “Add” button and upload the document.

The screenshot shows the IowaGrants.gov website interface. At the top, there is a navigation menu with 'Menu', 'Help', and 'Log Out'. Below this is a toolbar with icons for 'Back', 'Print', 'Add', 'Delete', 'Edit', and 'Save'. The 'Add' button is highlighted in green. The main content area displays 'Grant/Project Tracking' for 'Grant/Project: 12-WS-005 - Braddyville - 2012'. The status is 'Underway', the program area is 'CDBG', the grantee organization is 'Southwest Iowa Planning Council', the program officer is 'Joseph Bohlke', and the awarded amount is '\$300,000.00'. Below this is a table of 'Audit Documents' with columns for Year, Document Type, Date Letter Sent, Date Completed, Audit Required?, If Audit is required, was Segregation of Duties a finding?, Single Audit Form, and Comments. The table contains four rows of data, with the last row having an 'Add' button next to it. The page footer includes 'Iowa.gov - The Official Website of the State of Iowa' and 'Dulles Technology Partners Inc.'.

Grant/Project Tracking

Grant/Project: 12-WS-005 - Braddyville - 2012

Status: Underway

Program Area: CDBG

Grantee Organization: [Southwest Iowa Planning Council](#)

Program Officer: Joseph Bohlke

Awarded Amount: \$300,000.00

Audit Documents [Create New Version](#) | [Return to Components](#)

Year	Document Type	Date Letter Sent	Date Completed	Audit Required?	If Audit is required, was Segregation of Duties a finding?	Single Audit Form	Comments:
2013	Audit Reminder Form	08/28/2013	09/09/2013	No	Not Applicable	20131003094132898.pdf	Audit not required
2014	Audit Reminder Form	07/01/2014	07/28/2014	No	Not Applicable	20140728081222273.pdf	Audit not required
2014			11/04/2014	No		20141105125022881.pdf	Contract complete in Dec 2014
2014	Ready to Close/Single Audit Form	03/11/2015					

Last Edited By: Khristy Landphair, 03/11/2015

Iowa.gov - The Official Website of the State of Iowa

Dulles Technology Partners Inc.



Dun & Bradstreet DUNS Number Guide

Decide with Confidence

Most potential and existing **US Government Contractors, Grantees and Loan Recipients** are required to obtain a DUNS Number for US Government registration purposes. The DUNS Number verifies the legal name, physical address and tradestyle (DBA) of each location and is the key to starting the CCR registration process.

Data Universal Numbering System (DUNS) Number: The DUNS Number is a unique nine-digit identification number provided by Dun & Bradstreet (D&B). The DUNS Number is randomly issued, never used twice and is site specific. Each distinct physical location of an entity is assigned its own DUNS Number worldwide.

Obtaining a DUNS Number is a quick and easy process. It is the responsibility of the US Government contractor, grantee or loan recipient to obtain their existing DUNS Number or to take the steps required to request a new DUNS Number. To confirm your current status with D&B, all US locations should contact the D&B Government Customer Response Center (GCRC) using the toll-free number or the online webform process. International locations (non-US) are asked to use the online internet link only. Obtaining a DUNS Number is absolutely **FREE** for all entities doing business with the Federal Government. The process to request a DUNS Number takes about 15 minutes when calling and responses to webform submittals online are returned within 1-2 business days. The following information is requested to obtain a DUNS Number:

<ul style="list-style-type: none"> • Legal Company Name • Headquarters Company Name and Address • Tradestyle or DBA Company Name • Physical Address, City, State and Zip Code 	<ul style="list-style-type: none"> • Mailing Address • Telephone Number • Contact Name and Title • Number of Employees at your physical location
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All DUNS requests should contact D&B by following the below instructions. Within 24 hours of issuance, the DUNS Number is generally available for starting CCR registration.

<p>All US locations (including US Virgin Islands and Puerto Rico) can call toll free at 866-705-5711</p> <p>Federal contractors - Press Option 3 Grantees - Press Option 4 Loan recipients - Press Option 5</p> <p>or use the online webform process at http://fedgov.dnb.com/webform</p>	<p>All International (non-US) locations (including Guam, Marianas Islands and American Samoa) should use the online webform process at http://fedgov.dnb.com/webform</p>
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Managing your DUNS Number: D&B will periodically contact DUNS Numbered locations to verify a company’s information for accuracy. Organizations with multiple DUNS Numbers may request a FREE family tree listing from D&B to help determine which branch/division/subsidiary location has an existing DUNS Number and if the information on file at D&B is current. D&B recommends organizations with multiple DUNS Numbers have a single point of contact for controlling DUNS Number requests to ensure the appropriate branches/divisions/subsidiaries have the accurate DUNS Numbers for Federal purposes.

(24 CFR 570, Subpart I)

PART 570 -. COMMUNITY DEVELOPMENT BLOCK GRANTS Subpart I-State Development Block Grant Program

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570.482 Eligible activities.
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570.497 Condition of State election to administer State CDBG program.

Subpart I—State Community Development Block Grant Program

Source: 57 FR 53397, Nov. 9, 1992, unless otherwise noted.

§ 570.480 General.

(a) This subpart describes policies and procedures applicable to states that elect to receive Community Development Block Grant funds for distribution to units of general local government in the state's non-entitlement areas under the Housing and Community Development Act of 1974. Other subparts of part 570 are not applicable to the State CDBG Program, except as expressly provided otherwise.

(b) HUD's authority for the waiver of regulations and for the suspension of requirements to address damage in a Presidentially-declared disaster area is described in 24 CFR part 5 and in section 122 of the Act, respectively.

(c) In exercising the Secretary's obligation and responsibility to review a state's performance, the Secretary will give maximum feasible deference to the state's interpretation of the statutory requirements and the requirements of this regulation, provided that these interpretations are not plainly inconsistent with the Act and the Secretary's obligation to enforce compliance with the intent of the Congress as declared in the Act. The Secretary will not determine that a state has failed to carry out its certifications in compliance with requirements of the Act (and this regulation) unless the Secretary finds that procedures and requirements adopted by the state are insufficient to afford reasonable assurance that activities undertaken by units of general local government were not plainly inappropriate to meeting the primary objectives of the Act, this regulation, and the state's community development objectives.

(d) Administrative action taken by the Secretary that is not explicitly and fully part of this regulation shall only apply to a specific case or issue at a specific time, and shall not be generally applicable to the state-administered CDBG program.

(e) Religious organizations are eligible to participate under the State CDBG Program as provided in §570.200(j).

[57 FR 53397, Nov. 9, 1992, as amended at 61 FR 11477, Mar. 20, 1996; 61 FR 54921, Oct. 22, 1996; 69 FR 41718, July 9, 2004]

§ 570.481 Definitions.

(a) Except for terms defined in applicable statutes or this subpart, the Secretary will defer to a state's definitions, provided that these definitions are explicit, reasonable and not plainly inconsistent with the Act. As used in this subpart, the following terms shall have the meaning indicated:

(1) *Act* means title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 *et seq.*).

(2) *CDBG funds* means Community Development Block Grant funds, in the form of grants under this subpart and program income, and loans guaranteed by the state under section 108 of the Act.

(b) [Reserved]

[57 FR 53397, Nov. 9, 1992, as amended at 61 FR 5209, Feb. 9, 1996]

§ 570.482 Eligible activities.

(a) *General.* The choice of activities on which block grant funds are expended represents the determination by state and local participants, developed in accordance with the state's program design and procedures, as to which approach or approaches will best serve these interests. The eligible activities are listed at section 105(a) of the Act.

(b) *Special assessments under the CDBG program.* The following policies relate to special assessments under the CDBG program:

(1) *Public improvements initially assisted with CDBG funds.* Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:

(i) Special assessments to recover the *CDBG funds* may be made only against properties owned and occupied by persons *not* of low and moderate income. These assessments constitute program income.

(ii) Special assessments to recover the *non-CDBG* portion may be made, provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if, when permitted by the state, the unit of general local government certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

(2) *Public improvements not initially assisted with CDBG funds.* CDBG funds may be used to pay special assessments levied against property when this form of assessment is used to recover the capital cost of eligible public improvements initially financed solely from sources other than CDBG funds. The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments provided that:

(i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this subpart, including labor, environmental and citizen participation requirements;

(ii) The installation of the public improvement meets a criterion for national objectives. (See §570.483(b)(1), (c), and (d).);

(iii) The requirements of §570.482(b)(1)(ii) are met.

(c) *Special eligibility provisions.* (1) Microenterprise development activities eligible under section 105(a)(23) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 *et seq.*) (the Act) may be carried out either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients).

(2) *Provision of public services.* The following activities shall not be subject to the restrictions on public services under section 105(a)(8) of the Act:

(i) Support services provided under section 105(a)(23) of the Act, and paragraph (c) of this section;

(ii) Services carried out under the provisions of section 105(a)(15) of the Act, that are specifically designed to increase economic opportunities through job training and placement and other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services; and

(iii) Services of any type carried out under the provisions of section 105(a)(15) of the Act pursuant to a strategy approved by a state under the provisions of §91.315(e)(2) of this title.

(3) Environmental cleanup and economic development or redevelopment of contaminated properties. Remediation of known or suspected environmental contamination may be undertaken under the authority of section 205 of Public Law 105–276 and section 105(a)(4) of the Act. Economic development activities carried out under sections 105(a)(14), (a)(15), or (a)(17) of the Act may include costs associated with project-specific assessment or remediation of known or suspected environmental contamination.

(d) [Reserved]

(e) *Guidelines and objectives for evaluating project costs and financial requirements* — (1) *Applicability*. The following guidelines, also referred to as the underwriting guidelines, are provided to assist the recipient to evaluate and select activities to be carried out for economic development purposes. Specifically, these guidelines are applicable to activities that are eligible for CDBG assistance under section 105(a)(17) of the Act, economic development activities eligible under section 105(a)(14) of the Act, and activities that are part of a community economic development project eligible under section 105(a)(15) of the Act. The use of the underwriting guidelines published by HUD is not mandatory. However, states electing not to use these guidelines would be expected to ensure that the state or units of general local government conduct basic financial underwriting prior to the provision of CDBG financial assistance to a for-profit business.

(2) *Objectives*. The underwriting guidelines are designed to provide the recipient with a framework for financially underwriting and selecting CDBG-assisted economic development projects which are financially viable and will make the most effective use of the CDBG funds. Where appropriate, HUD's underwriting guidelines recognize that different levels of review are appropriate to take into account differences in the size and scope of a proposed project, and in the case of a microenterprise or other small business to take into account the differences in the capacity and level of sophistication among businesses of differing sizes. Recipients are encouraged, when they develop their own programs and underwriting criteria, to also take these factors into account. These underwriting guidelines are published as appendix A to this part. The objectives of the underwriting guidelines are to ensure:

- (i) That project costs are reasonable;
- (ii) That all sources of project financing are committed;
- (iii) That to the extent practicable, CDBG funds are not substituted for non-Federal financial support;
- (iv) That the project is financially feasible;
- (v) That to the extent practicable, the return on the owner's equity investment will not be unreasonably high; and
- (vi) That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

(f) *Standards for evaluating public benefit* — (1) *Purpose and applicability*. The grantee is responsible for making sure that at least a minimum level of public benefit is obtained from the expenditure of CDBG funds under the categories of eligibility governed by these standards. The standards set forth below identify the types of public benefit that will be recognized for this purpose and the minimum level of each that must be obtained for the amount of CDBG funds used. These standards are applicable to activities that are eligible for CDBG assistance under section 105(a)(17) of the Act, economic development activities eligible under section 105(a)(14) of the Act, and activities that are part of a community economic development project eligible under section 105(a)(15) of the Act. Certain public facilities and improvements eligible under section 105(a)(2) of the Act, which are undertaken for economic development purposes, are also subject to these standards, as specified in §570.483(b)(4)(vi)(F)(2). Unlike the guidelines for project costs and financial requirements covered under paragraph (a) of this section, the use of the standards for public benefit is mandatory.

(2) *Standards for activities in the aggregate*. Activities covered by these standards must, in the aggregate, either:

(i) Create or retain at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used; or

(ii) Provide goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted businesses amounts to at least one low- and moderate-income person per \$350 of CDBG funds used.

(3) *Applying the aggregate standards*. (i) A state shall apply the aggregate standards under paragraph (e)(2) of this section to all funds distributed for applicable activities from each annual grant. This includes the amount of the annual grant, any funds reallocated by HUD to the state, any program income distributed by the state and any guaranteed loan funds made under the provisions of subpart M of this part covered in the method of distribution in the final statement for a given annual grant year.

(ii) The grantee shall apply the aggregate standards to the number of jobs to be created/retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, the grantee may elect to count the activity under either the jobs standard or the area residents standard, but not both.

(iv) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the aggregate standards.

(v) Any activity subject to these standards which meets one or more of the following criteria may, at the grantee's option, be excluded from the aggregate standards described in paragraph (f)(2) of this section:

(A) Provides jobs exclusively for unemployed persons or participants in one or more of the following programs:

- (1) Jobs Training Partnership Act (JTPA);
- (2) Jobs Opportunities for Basic Skills (JOBS); or
- (3) Aid to Families with Dependent Children (AFDC);

(B) Provides jobs predominantly for residents of Public and Indian Housing units;

(C) Provides jobs predominantly for homeless persons;

(D) Provides jobs predominantly for low-skilled, low- and moderate-income persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training;

(E) Provides jobs predominantly for persons residing within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(F) Provides assistance to business(es) that operate(s) within a census tract (or block numbering area) that has at least 20 percent of its residents who are in poverty;

(G) Stabilizes or revitalizes a neighborhood income that has at least 70 percent of its residents who are low- and moderate-income;

(H) Provides assistance to a Community Development Financial Institution (as defined in the Community Development Banking and Financial Institutions Act of 1994, (12 U.S.C. 4701 note)) serving an area that has at least 70 percent of its residents who are low- and moderate-income;

(I) Provides assistance to an organization eligible to carry out activities under section 105(a)(15) of the Act serving an area that has at least 70 percent of its residents who are low- and moderate-income;

(J) Provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of low- and moderate-income and minority persons;

(K) With prior HUD approval, provides substantial benefit to low-income persons through other innovative approaches;

(L) Provides services to the residents of an area pursuant to a strategy approved by the State under the provisions of §91.315(e)(2) of this title;

(M) Creates or retains jobs through businesses assisted in an area pursuant to a strategy approved by the State under the provisions of §91.315(e)(2) of this title.

(N) Directly involves the economic development or redevelopment of environmentally contaminated properties.

(4) *Standards for individual activities.* Any activity subject to these standards which falls into one or more of the following categories will be considered by HUD to provide insufficient public benefit, and therefore may under no circumstances be assisted with CDBG funds:

(i) The amount of CDBG assistance exceeds either of the following, as applicable:

(A) \$50,000 per full-time equivalent, permanent job created or retained; or

(B) \$1,000 per low- and moderate-income person to which goods or services are provided by the activity.

(ii) The activity consists of or includes any of the following:

(A) General promotion of the community as a whole (as opposed to the promotion of specific areas and programs);

(B) Assistance to professional sports teams;

(C) Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons;

(D) Acquisition of land for which the specific proposed use has not yet been identified; and

(E) Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous CDBG assistance provided by the recipient.

(5) *Applying the individual activity standards.* (i) Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, it will be disqualified only if the amount of CDBG assistance exceeds both of the amounts in paragraph (f)(4)(i) of this section.

(ii) The individual activity tests in paragraph (f)(4)(i) of this section shall be applied to the number of jobs to be created or retained, or to the number of persons residing in the area served (as applicable), as determined at the time funds are obligated to activities.

(iii) Where CDBG assistance for an activity is limited to job training and placement and/or other employment support services, the jobs assisted with CDBG funds shall be considered to be created or retained jobs for the purposes of applying the individual activity standards in paragraph (f)(4)(i) of this section.

(6) *Documentation.* The state and its grant recipients must maintain sufficient records to demonstrate the level of public benefit, based on the above standards, that is actually achieved upon completion of the CDBG-assisted economic development activity(ies) and how that compares to

the level of such benefit anticipated when the CDBG assistance was obligated. If a state grant recipient's actual results show a pattern of substantial variation from anticipated results, the state and its recipient are expected to take those actions reasonably within their respective control to improve the accuracy of the projections. If the actual results demonstrate that the state has failed the public benefit standards, HUD may require the state to meet more stringent standards in future years as appropriate.

(g) *Amendments to economic development projects after review determinations.* If, after the grantee enters into a contract to provide assistance to a project, the scope or financial elements of the project change to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipient's guidelines. (This would include, for example, situations where the business requests a change in the amount or terms of assistance being provided, or an extension to the loan payment period required in the contract.) If a reevaluation of the project indicates that the financial elements and public benefit to be derived have also substantially changed, then the recipient should make appropriate adjustments in the amount, type, terms or conditions of CDBG assistance which has been offered, to reflect the impact of the substantial change. (For example, if a change in the project elements results in a substantial reduction of the total project costs, it may be appropriate for the recipient to reduce the amount of total CDBG assistance.) If the amount of CDBG assistance provided to the project is increased, the amended project must still comply with the public benefit standards under paragraph (f) of this section.

(h) *Prohibition on use of assistance for employment relocation activities* — (1) *Prohibition.* CDBG funds may not be used to directly assist a business, including a business expansion, in the relocation of a plant, facility, or operation from one labor market area (LMA) to another LMA if the relocation is likely to result in a significant loss of jobs in the LMA from which the relocation occurs.

(2) *Definitions.* The following definitions apply to the section:

(i) *Directly assist.* Directly assist means the provision of CDBG funds to a business pursuant to section 105(a)(15) or (17) of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 *et seq.*). Direct assistance also includes assistance under section 105(a)(1), (2), (4), (7), and (14) of the Housing and Community Development Act of 1974, when the state's grantee, subrecipient, or nonprofit entity eligible under section 105(a)(15) enters into an agreement with a business to undertake one or more of these activities as a condition of the business relocating a facility, plant, or operation to the LMA. Provision of public facilities and indirect assistance that will provide benefit to multiple businesses does not fall under the definition of "directly assist," unless it includes the provision of infrastructure to aid a specific business that is the subject of an agreement with the specific assisted business.

(ii) *Labor market area (LMA).* For metropolitan areas, an LMA is an area defined as such by the U.S. Bureau of Labor Statistics (BLS). An LMA is an economically integrated geographic area within which individuals can live and find employment within a reasonable distance or can readily change employment without changing their place of residence. In addition, LMAs are nonoverlapping and geographically exhaustive. For metropolitan areas, grantees must use employment data, as defined by the BLS, for the LMA in which the affected business is currently located and from which current jobs may be lost. For non-metropolitan areas, grantees must use employment data, as defined by the BLS, for the LMA in which the assisted business is currently located and from which current jobs may be lost. For non-metropolitan areas, a LMA is either an area defined by the BLS as an LMA, or a state may choose to combine non-metropolitan LMAs. States are required to define or reaffirm prior definitions of their LMAs on an annual basis and retain records to substantiate such areas prior to any business relocation that would be impacted by this rule. Metropolitan LMAs cannot be combined, nor can a non-metropolitan LMA be combined with a metropolitan LMA. For the Insular Areas, each jurisdiction will be considered to be an LMA. For the HUD-administered Small Cities Program, each of the three participating counties in Hawaii will be considered to be its own LMA. Recipients of Fiscal Year 1999 Small Cities Program funding in New York will follow the requirements for State CDBG recipients.

(iii) *Operation.* A business operation includes, but is not limited to, any equipment, employment opportunity, production capacity, or product line of the business.

(iv) *Significant loss of jobs.* (A) A loss of jobs is significant if: The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA; or in all cases, a loss of 500 or more jobs. Notwithstanding the aforementioned, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

(B) A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years from the date the assistance is provided to the business or the time period within which jobs are to be created as specified by the agreement among the business, the recipient, and the state (as applicable) if it is longer than three years.

(3) *Written agreement.* Before directly assisting a business with CDBG funds, the recipient, subrecipient, or (in the case of any activity carried out pursuant to 105(a)(15)) nonprofit entity shall sign a written agreement with the assisted business. The written agreement shall include:

(i) *Statement.* A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another and, if so, the number of jobs that will be relocated from each LMA;

(ii) *Required certification.* If the assistance will not result in a relocation covered by this section, a certification from the assisted business that neither it, nor any of its subsidiaries, has plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and

(iii) *Reimbursement of assistance.* The agreement shall provide for reimbursement to the recipient of any assistance provided to, or expended on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

(4) *Assistance not covered by this paragraph.* This paragraph does not apply to:

(i) *Relocation assistance.* Relocation assistance required by the Uniform Assistance and Real Property Acquisition Policies Act of 1970 (URA), (42 U.S.C. 4601–4655); optional relocation assistance under section 105(a)(11), as implemented at 570.606(d);

(ii) *Microenterprises.* Assistance to microenterprises as defined by section 102(a)(22) of the Housing and Community Development Act of 1974; and

(iii) *Arms-length transactions.* Assistance to a business that purchases business equipment, inventory, or other physical assets in an arms-length transaction, including the assets of an existing business, provided that the purchase does not result in the relocation of the sellers' business operation (including customer base or list, goodwill, product lines, or trade names) from one LMA to another LMA and does not produce a significant loss of jobs in the LMA from which the relocation occurs.

[57 FR 53397, Nov. 9, 1992, as amended at 60 FR 1949, Jan. 5, 1995; 61 FR 54921, Oct. 22, 1996; 70 FR 76370, Dec. 23, 2005; 71 FR 30035, May 24, 2006]

§ 570.483 Criteria for national objectives.

(a) *General.* The following criteria shall be used to determine whether a CDBG assisted activity complies with one or more of the national objectives as required to section 104(b)(3) of the Act. (HUD is willing to consider a waiver of these requirements in accordance with §570.480(b)).

(b) *Activities benefiting low and moderate-income persons.* An activity will be considered to address the objective of benefiting low and moderate-income persons if it meets one of the criteria in paragraph (b) of this section, unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the

assisted activity will be considered. The activities, when taken as a whole, must not benefit moderate-income persons to the exclusion of low-income persons:

(1) *Area benefit activities.*(i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. Units of general local government may, at the discretion of the state, use either HUD-provided data comparing census data with appropriate low and moderate-income levels or survey data that is methodologically sound. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) An activity, where the assistance is to a public improvement that provides benefits to all the residents of an area, that is limited to paying special assessments levied against residential properties owned and occupied by persons of low and moderate income. (iii)

(A) An activity to develop, establish and operate (not to exceed two years after establishment), a uniform emergency telephone number system serving an area having less than 51 percent of low and moderate income residents, when the system has not been made operational before the receipt of CDBG funds, provided a prior written determination is obtained from HUD. HUD's determination will be based upon certifications by the State that:

(1) The system will contribute significantly to the safety of the residents of the area. The unit of general local government must provide the state a list of jurisdictions and unincorporated areas to be served by the system and a list of the emergency services that will participate in the emergency telephone number system;

(2) At least 51 percent of the use of the system will be by low and moderate-income persons. The state's certification may be based upon information which identifies the total number of calls actually received over the preceding twelve-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, enumeration districts, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, the state will assume that the distribution of income among callers generally reflects the income characteristics of the general population residing in the same geographic area where the callers reside. Alternatively, the state's certification may be based upon other data, agreed to by HUD and the state, which shows that over the preceding twelve-month period the users of all the services to be included in the emergency telephone number system consisted of at least 51 percent low and moderate income persons.

(3) Other federal funds received by the unit of general local government are insufficient or unavailable for a uniform emergency telephone number system. The unit of general local government must submit a statement explaining whether the problem is caused by the insufficiency of the amount of such funds, the restrictions on the use of such funds, or the prior commitment of such funds for other purposes by the unit of general local government.

(4) The percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low and moderate-income persons in the service area of the system. The unit of general local government must include a description of the boundaries of the service area of the system; the census tracts or enumeration districts within the boundaries; the total number of persons and the total number of low and moderate income persons in each census tract or enumeration district, and the percentage of low and moderate income persons in the service area; and the total cost of the system.

(B) The certifications of the state must be submitted along with a brief statement describing the factual basis upon which the certifications were made.

(iv) Activities meeting the requirements of paragraph (e)(4)(i) of this section may be considered to qualify under paragraph (b)(1) of this section.

(v) HUD will consider activities meeting the requirements of paragraph (e)(5)(i) of this section to qualify under paragraph (b)(1) of this section, provided that the area covered by the strategy meets one of the following criteria:

(A) The area is in a Federally-designated Empowerment Zone or Enterprise Community;

(B) The area is primarily residential and contains a percentage of low and moderate-income residents that is no less than 70 percent;

(C) All of the census tracts (or block numbering areas) in the area have poverty rates of at least 20 percent, at least 90 percent of the census tracts (or block numbering areas) in the area have poverty rates of at least 25 percent, and the area is primarily residential. (If only part of a census tract or block numbering area is included in a strategy area, the poverty rate shall be computed for those block groups (or any part thereof) which are included in the strategy area.)

(D) Upon request by the State, HUD may grant exceptions to the 70 percent low and moderate income or 25 percent poverty minimum thresholds on a case-by-case basis. In no case, however, may a strategy area have both a percentage of low and moderate-income residents less than 51 percent and a poverty rate less than 20 percent.

(2) *Limited clientele activities.* (i) An activity which benefits a limited clientele, at least 51 percent of whom are low and moderate-income persons. The following kinds of activities may not qualify under paragraph (b)(2) of this section:

(A) Activities, the benefits of which are available to all the residents of an area;

(B) Activities involving the acquisition, construction or rehabilitation of property for housing; or

(C) Activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (b)(2)(v) of this section.

(ii) To qualify under paragraph (b)(2) of this section, the activity must meet one or the following tests:

(A) It must benefit a clientele who are generally presumed to be principally low and moderate-income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low and moderate income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) It must require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit; or

(C) It must have income eligibility requirements which limit the activity exclusively to low and moderate income persons; or

(D) It must be of such a nature, and be in such a location, that it may be concluded that the activity's clientele will primarily be low and moderate-income persons.

(iii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled" will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under §570.483(b)(1);

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under §570.483(b) (1) or (4); or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under §570.483(b)(3).

(iv) A microenterprise assistance activity (carried out in accordance with the provisions of section 105(a)(23) of the Act or §570.482(c) and limited to microenterprises) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(v) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstances:

(A) In such cases where such training or provision of supportive services is an integrally-related component of a larger project, the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) *Housing activities.* An eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the unit of general local government, a subrecipient, an entity eligible to receive assistance under section 105(a)(15) of the Act, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. If two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure. If housing activities being assisted meet the requirements of paragraph (e)(4)(ii) or (e)(5)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate-income households must be at affordable rents to qualify under this criterion. The unit of general local government shall adopt and make public its standards for determining "affordable rents" for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low and moderate-income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project; and

(B) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate-income households.

(ii) Where CDBG funds are used to assist rehabilitation delivery services or in direct support of the unit of general local government's Rental Rehabilitation Program authorized under 24 CFR part 511, the funds shall be considered to benefit low and moderate income persons where not less than 51 percent of the units assisted, or to be assisted, by

the Rental Rehabilitation Program overall are for low and moderate income persons.

(iii) When CDBG funds are used for housing services eligible under section 105(a)(21) of the Act, such funds shall be considered to benefit low and moderate income persons if the housing units for which the services are provided are HOME-assisted and the requirements of §92.252 or §92.254 of this title are met.

(4) *Job creation or retention activities.* (i) An activity designed to create permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low and moderate-income persons. For an activity that creates jobs, the unit of general local government must document that at least 51 percent of the jobs will be held by, or will be made available to low and moderate income persons.

(ii) For an activity that retains jobs, the unit of general local government must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided: The job is known to be held by a low or moderate income person; or the job can reasonably be expected to turn over within the following two years and that it will be filled by, or that steps will be taken to ensure that it is made available to, a low or moderate income person upon turnover.

(iii) Jobs will be considered to be available to low and moderate income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The unit of general local government and the assisted business take actions to ensure that low and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(1) Meets the requirements of paragraph (b)(4)(v) of this section; or

(2) Has at least 70 percent of its residents who are low- and moderate-income persons; or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (b)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (b)(4)(iv) (A)(1) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

(1) All block groups in the census tract have poverty rates of at least 20 percent;

(2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

(3) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

(vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

(A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided the businesses are not otherwise assisted by CDBG funds.

(B) Where CDBG funds are used to pay for the staff and overhead costs of an entity specified in section 105(a)(15) of the Act making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during any one-year period.

(C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during any one-year period.

(D) Where CDBG funds are used for activities meeting the criteria listed at §570.482(f)(3)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during any one-year period, except as provided at paragraph (e)(6) of this section.

(E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during any one-year period, except as provided at paragraph (e)(6) of this section.

(F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.

(1) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.

(2) In any case where the cost per job to be created or retained (as determined under paragraph (b)(4)(vi)(F)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the public facility/improvement between the date the state awards the CDBG funds to the recipient and the date one year after the physical completion of the public facility/improvement. In addition, the assisted activity must comply with the public benefit standards at §570.482(f).

(5) *Planning-only activities.* An activity involving planning (when such activity is the only activity for which the grant to the unit of general local government is given, or if the planning activity is unrelated to any other activity assisted by the grant) if it can be documented that at least 51 percent of the persons who would benefit from implementation of the plan are low and moderate income persons. Any such planning activity for an area or a community composed of persons of whom at least 51 percent are low and moderate income shall be considered to meet this national objective.

(c) *Activities which aid in the prevention or elimination of slums or blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) *Activities to address slums or blight on an area basis.* An activity will be considered to address prevention or elimination of slums or blight in an area if the state can determine that:

(i) The area, delineated by the unit of general local government, meets a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;

(ii) The area also meets the conditions in either paragraph (c)(1)(ii)(A) or (c)(1)(ii)(B) of this section.

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

(1) Physical deterioration of buildings or improvements;

(2) Abandonment of properties;

(3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;

(4) Significant declines in property values or abnormally low property values relative to other areas in the community; or

(5) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is also undertaken. The State shall ensure that the unit of general local government has developed minimum standards for building quality which may take into account local conditions.

(iv) The state keeps records sufficient to document its findings that a project meets the national objective of prevention or elimination of slums and blight. The state must establish definitions of the conditions listed at §570.483(c)(1)(ii)(A) and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be redetermined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at §570.490.

(2) *Activities to address slums or blight on a spot basis.* The following activities can be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: Acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) *Planning only activities.* An activity involving planning (when the activity is the only activity for which the grant to the unit of general local government is given, or the planning activity is unrelated to any other activity assisted by the grant) if the plans are for a slum or blighted area, or if all elements of the planning are necessary for and related to an activity which, if funded, would meet one of the other criteria of elimination of slums or blight.

(d) *Activities designed to meet community development needs having a particular urgency.* In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the unit of general

local government certifies, and the state determines, that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the unit of general local government is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became urgent within 18 months preceding the certification by the unit of general local government.

(e) *Additional criteria.* (1) In any case where the activity undertaken is a public improvement and the activity is clearly designed to serve a primarily residential area, the activity must meet the requirements of paragraph (b)(1) of this section whether or not the requirements of paragraph (b)(4) of this section are met in order to qualify as benefiting low and moderate income persons.

(2) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a "change of use" under §570.489(j).

(3) Where the assisted activity is relocation assistance that the unit of general local government is required to provide, the relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary, the unit of general local government may qualify the assistance either on the basis of the national objective addressed by the displacing activity or, if the relocation assistance is to low and moderate income persons, on the basis of the national objective of benefiting low and moderate income persons.

(4) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the unit of general local government may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the unit of general local government, be considered to meet the requirements of this paragraph under the criteria at paragraph (b)(1)(iv) of this section in lieu of the criteria at paragraph (b)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during any one-year period may be considered to be a single structure for purposes of applying the criteria at paragraph (b)(3) of this section.

(5) If the unit of general local government has elected to prepare a community revitalization strategy pursuant to the authority of §91.315(e)(2) of this title, and the State has approved the strategy, the unit of general local government may also elect the following options:

(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of paragraph (b) of this section under the criteria at §570.483(b)(1)(v) instead of the criteria at §570.483(b)(4); and

(ii) All housing activities in the area undertaken pursuant to the strategy may be considered to be a single structure for purposes of applying the criteria at paragraph (b)(3) of this section.

(6) If an activity meeting the criteria in §570.482(f)(3)(v) also meets the requirements of either paragraph (e)(4)(i) or (e)(5)(i) of this section, the unit of general local government may elect to qualify the activity either under the area benefit criteria at paragraph (b)(1)(iv) or (v) of this section or under the job aggregation criteria at paragraph (b)(4)(vi)(D) of this section, but not under both. Where an activity may meet the job aggregation criteria at both paragraphs (b)(4)(vi)(D) and (E) of this

section, the unit of general local government may elect to qualify the activity under either criterion, but not both.

(f) *Planning and administrative costs.* CDBG funds expended for eligible planning and administrative costs by units of general local government in conjunction with other CDBG assisted activities will be considered to address the national objectives.

[57 FR 53397, Nov. 9, 1992, as amended at 60 FR 1951, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 61 FR 54921, Oct. 22, 1996; 71 FR 30036, May 24, 2006]

§ 570.484 Overall benefit to low and moderate income persons.

(a) *General.* The State must certify that, in the aggregate, not less than 70 percent of the CDBG funds received by the state during a period specified by the state, not to exceed three years, will be used for activities that benefit persons of low and moderate income. The period selected and certified to by the state shall be designated by fiscal year of annual grants, and shall be for one, two or three consecutive annual grants. The period shall be in effect until all included funds are expended. No CDBG funds may be included in more than one period selected, and all CDBG funds received must be included in a selected period.

(b) *Computation of 70 percent benefit.* Determination that a state has carried out its certification under paragraph (a) of this section requires evidence that not less than 70 percent of the aggregate of the designated annual grant(s), any funds reallocated by HUD to the state, any distributed program income and any guaranteed loan funds under the provisions of subpart M of this part covered in the method of distribution in the final statement or statements for the designated annual grant year or years have been expended for activities meeting criteria as provided in §570.483(b) for activities benefiting low and moderate income persons. In calculating the percentage of funds expended for such activities:

(1) All CDBG funds included in the period selected and certified to by the state shall be accounted for, except for funds used by the State, or by the units of general local government, for program administration, or for planning activities other than those which must meet a national objective under §570.483 (b)(5) or (c)(3).

(2) Any funds expended by a state for the purpose of repayment of loans guaranteed under the provisions of subpart M of this part shall be excepted from inclusion in this calculation.

(3) Except as provided in paragraph (b)(4) of this section, CDBG funds expended for an eligible activity meeting the criteria for activities benefiting low and moderate income persons shall count in their entirety towards meeting the 70 percent benefit to persons of low and moderate income requirement.

(4) Funds expended for the acquisition, new construction or rehabilitation of property for housing that qualifies under §570.483(b)(3) shall be counted for this purpose, but shall be limited to an amount determined by multiplying the total cost (including CDBG and non-CDBG costs) of the acquisition, construction or rehabilitation by the percent of units in such housing to be occupied by low and moderate income persons, except that the amount counted shall not exceed the amount of CDBG funds provided.

§ 570.485 Making of grants.

(a) *Required submissions.* In order to receive its annual CDBG grant under this subpart, a State must submit a consolidated plan in accordance with 24 CFR part 91. That part includes requirements for the content of the consolidated plan, for the process of developing the plan, including citizen participation provisions, for the submission date, for HUD approval, and for the amendment process.

(b) *Failure to make submission.* The state's failure to make the submission required by paragraph (a) of this section within the prescribed deadline constitutes the state's election not to receive and distribute amounts allocated for its non-entitlement areas for the applicable fiscal year. Funds will be either:

(1) Administered by HUD pursuant to subpart F of this part if the state has not administered the program in any previous fiscal year; or

(2) Reallocated to all states in the succeeding fiscal year according to the formula of section 106(d) of the Act, if the state administered the program in any previous year.

(c) *Approval of grant.* HUD will approve a grant if the State's submissions have been made and approved in accordance with 24 CFR part 91, and the certifications required therein are satisfactory to the Secretary. The certifications will be satisfactory to the Secretary for this purpose unless the Secretary has determined pursuant to §570.493 that the State has not complied with the requirements of this subpart, or has determined that there is evidence, not directly involving the State's past performance under this program, that tends to challenge in a substantial manner the State's certification of future performance. If the Secretary makes any such determination, however, the State may be required to submit further assurances as the Secretary may deem warranted or necessary to find the grantee's certification satisfactory.

[57 FR 53397, Nov. 9, 1992, as amended at 60 FR 1916, Jan. 5, 1995; 61 FR 54922, Oct. 22, 1996]

§ 570.486 Local government requirements.

(a) *Citizen participation requirements of a unit of general local government.* Each unit of general local government shall meet the following requirements as required by the state at §91.115(e) of this title.

(1) Provide for and encourage citizen participation, particularly by low and moderate-income persons who reside in slum or blighted areas and areas in which CDBG funds are proposed to be used;

(2) Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to the unit of local government's proposed and actual use of CDBG funds;

(3) Furnish citizens information, including but not limited to:

(i) The amount of CDBG funds expected to be made available for the current fiscal year (including the grant and anticipated program income);

(ii) The range of activities that may be undertaken with the CDBG funds;

(iii) The estimated amount of the CDBG funds proposed to be used for activities that will meet the national objective of benefit to low and moderate income persons; and

(iv) The proposed CDBG activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under §570.488.

(4) Provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing proposals in accordance with the procedures developed by the state. Such assistance need not include providing funds to such groups;

(5) Provide for a minimum of two public hearings, each at a different stage of the program, for the purpose of obtaining citizens' views and responding to proposals and questions. Together the hearings must cover community development and housing needs, development of proposed activities and a review of program performance. The public hearings to cover community development and housing needs must be held before submission of an application to the state. There must be reasonable notice of the hearings and they must be held at times and locations convenient to potential or actual beneficiaries, with accommodations for the handicapped. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate;

(6) Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the unit of general local

government's application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state.

(7) Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.

(b) *Activities serving beneficiaries outside the jurisdiction of the unit of general local government.* CDBG-funded activities may serve beneficiaries outside the jurisdiction of the unit of general local government that receives the grant, provided the unit of general local government determines that the activity is meeting its needs in accordance with section 106(d)(2)(D) of the Act.

[57 FR 53397, Nov. 9, 1992, as amended at 61 FR 54922, Oct. 22, 1996]

§ 570.487 Other applicable laws and related program requirements.

(a) *General.* Certain statutes are expressly made applicable to activities assisted under the Act by the Act itself, while other laws not referred to in the Act may be applicable to such activities by their own terms. Certain statutes or executive orders that may be applicable to activities assisted under the Act by their own terms are administered or enforced by governmental officials, departments or agencies other than HUD. Paragraphs (d) and (c) of this section contain two of the requirements expressly made applicable to CDBG activities by the Act itself.

(b) *Affirmatively furthering fair housing.* The Act requires the state to certify to the satisfaction of HUD that it will affirmatively further fair housing. The act also requires each unit of general local government to certify that it will affirmatively further fair housing. The certification that the State will affirmatively further fair housing shall specifically require the State to assume the responsibility of fair housing planning by:

(1) Conducting an analysis to identify impediments to fair housing choice within the State;

(2) Taking appropriate actions to overcome the effects of any impediments identified through that analysis;

(3) Maintaining records reflecting the analysis and actions in this regard; and

(4) Assuring that units of local government funded by the State comply with their certifications to affirmatively further fair housing.

(c) *Lead-Based Paint Poisoning Prevention Act.* States shall devise, adopt and carry out procedures with respect to CDBG assistance that fulfill the objectives and requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851–4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title.

(d) States shall comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and the implementing regulations in 24 CFR part 135. Section 3 requires that employment and other economic opportunities arising in connection with housing rehabilitation, housing construction, or other public construction projects shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be given to low- and very low-income persons.

(e) *Architectural Barriers Act and the Americans with Disabilities Act.* The Architectural Barriers Act of 1968 (42 U.S.C. 4151–4157) requires certain Federal and Federally-funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this subpart after November 21, 1996 and that meets the definition of *residential structure* as defined in 24 CFR 40.2, or the definition of *building* as defined in 41 CFR 101–19.602(a), is subject to the requirements of the Architectural Barriers Act of 1968 and shall comply with the Uniform Federal Accessibility Standards. For general type

buildings, these standards are in appendix A to 41 CFR part 101–19.6. For residential structures, these standards are available from the Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity, Disability Rights Division, Room 5240, 451 Seventh Street, SW, Washington, DC 20410; telephone (202) 708–2333 (voice) or (202) 708–1734 (TTY) (these are not toll-free numbers).

[57 FR 53397, Nov. 9, 1992, as amended at 59 FR 33894, June 30, 1994; 60 FR 1916, Jan. 5, 1995; 61 FR 54922, Oct. 22, 1996; 64 FR 50225, Sept. 15, 1999]

§ 570.488 Displacement, relocation, acquisition, and replacement of housing.

The requirements for States and state recipients with regard to the displacement, relocation, acquisition, and replacement of housing are in §570.606 and 24 CFR part 42.

[61 FR 11477, Mar. 20, 1996]

§ 570.489 Program administrative requirements.

(a) *Administrative and planning costs — (1) State administrative costs.*
(i) The state is responsible for the administration of all CDBG funds. The state shall pay from its own resources all administrative costs incurred by the state in carrying out its responsibilities under this subpart, except that the state may use CDBG funds to pay such costs in an amount not to exceed \$100,000 plus 50 percent of such costs in excess of \$100,000. States are therefore required to match such costs in excess of \$100,000 on a dollar for dollar basis. The amount of CDBG funds used to pay such costs in excess of \$100,000 shall not exceed 2 percent of the aggregate of the state's annual grant, program income received by units of general local government (whether retained by the unit of general local government or paid to the State) and funds reallocated by HUD to the state.

(ii) For determining the amount of CDBG funds available in past years for administrative costs incurred by the state, the following schedule applies:

(A) \$100,000 per annual grant beginning with FY 1984 allocations;

(B) Two percent of program income returned by units of general local government to the State after August 21, 1985; and

(C) Two percent of program income received by units of general local government after February 11, 1991.

(iii) The state has the option of selecting its approach for demonstrating compliance with this requirement. Regardless of the approach selected by the state, the state will be required to pay its 50 percent of administrative costs in excess of \$100,000 in the same amount and at the same time at which it draws CDBG funds for such costs after the expenditure of the \$100,000. Any state for which it is determined that matching costs contributions are in arrears on the use of CDBG funds for administrative costs will be required to bring matching cost expenditures up to the level of CDBG expenditures for such costs within one year of the effective date of this subpart. A state grant may not be closed out if the state's matching cost contribution is not at least equal to the amount of CDBG funds in excess of \$100,000 expended for administration. Funds from any year's grant may be used to pay administrative costs associated with any other year's grant. The two approaches are:

(A) Cumulative accounting of administrative costs incurred by the state since its assumption of the Program. Under this approach, the state will identify, for each grant it has received, the CDBG funds eligible to be used for administrative costs as well as the maximum amount of matching funds which the state is required to pay. The amounts will then be aggregated for all grants received. The state must keep records demonstrating the actual amount of CDBG funds from each grant received which was used for administrative costs as well as matching amounts paid by the state. These amounts will also be aggregated for all grants received. The state will be considered to be in compliance with the requirement if the aggregate of actual amounts spent for administrative costs does not exceed the maximum amount allowable and the amount

which the state has paid in matching funds is at least equal to the amount of CDBG funds in excess of \$100,000 (for each applicable allocation) drawn for administrative purposes. Any administrative amounts associated with a particular state grant shall be deducted from the aggregate totals upon closeout of that state grant.

(B) An accounting process developed and implemented by the state which provides sufficient information to demonstrate that the requirements of this subsection are met.

(2) The state may not charge fees of any entity for processing or considering any application for CDBG fund, or for carrying out its responsibilities under this subpart.

(3) The state and its funded units of general local government shall not expend for planning, management and administrative costs more than 20 percent of the aggregate amount of the annual grant, plus program income and funds reallocated by HUD to the State which are distributed during the time the final Statement for the annual grant is in effect. Administrative costs are those described at §570.489(a)(1) for states, and for units of general local government those described at sections 105(a)(12) and (a)(13) of the Act.

(b) *Reimbursement of pre-agreement costs.* The state may permit, in accordance with such procedures as the State may establish, a unit of local government to incur costs for CDBG activities before the establishment of a formal grant relationship between the State and the unit of general local government and to charge these pre-agreement costs to the grant, provided that the activities are eligible and undertaken in accordance with the requirements of this subpart and 24 CFR part 58.

(c) *Federal grant payments — (1) Payments.* The state shall be paid in advance in accordance with Treasury Circular 1075 (31 CFR part 205). The State shall use procedures to minimize the time elapsing between the transfer of grant funds and disbursement of funds by the State to units of general local government. Units of general local government shall also use procedures to minimize the time elapsing between the transfer of funds by the State and disbursement for CDBG activities.

(2) *Interest on advances.* Interest earned by units of general local government on grant funds before disbursement of the funds for activities is not program income and must be returned to the Treasury, except that the unit of general local government may keep interest amounts of up to \$100 per year for administrative expenses. However, the state shall not be held accountable for interest earned on grants for which payments are made in accordance with paragraph (c)(1) of this section pending disbursement for CDBG activities.

(d) *Fiscal controls and accounting procedures.* (1) A state shall have fiscal and administrative requirements for expending and accounting for all funds received under this subpart. These requirements must be available for Federal inspection and must:

(i) Be sufficiently specific to ensure that funds received under this subpart are used in compliance with all applicable statutory and regulatory provisions;

(ii) Ensure that funds received under this subpart are only spent for reasonable and necessary costs of operating programs under this subpart; and

(iii) Ensure that funds received under this subpart are not used for general expenses required to carry out other responsibilities of state and local governments.

(2) A state may satisfy this requirement by:

(i) Using fiscal and administrative requirements applicable to the use of its own funds;

(ii) Adopting new fiscal and administrative requirements; or

(iii) Applying the provisions in 24 CFR part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments."

(e) *Program income.* (1) For the purposes of this subpart, "program income" is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds, except as provided in paragraph (e)(2) of this section. When income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used (e.g., a single loan supported by CDBG funds and other funds; a single parcel of land purchased with CDBG funds and other funds). Program income includes, but is not limited to, the following:

(i) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;

(ii) Proceeds from the disposition of equipment purchased with CDBG funds;

(iii) Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds; less the costs incidental to the generation of the income;

(iv) Gross income from the use or rental of real property owned by the unit of general local government or a subrecipient of a unit of general local government, that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;

(v) Payments of principal and interest on loans made using CDBG funds;

(vi) Proceeds from the sale of loans made with CDBG funds;

(vii) Proceeds from the sale of obligations secured by loans made with CDBG funds;

(viii) Interest earned on funds held in a revolving fund account;

(ix) Interest earned on program income pending disposition of the income;

(x) Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement; and

(xi) Gross income paid to a unit of general local government or subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

(2) "Program income" does not include the following:

(i) The total amount of funds which is less than \$25,000 received in a single year that is retained by a unit of general local government and its subrecipients;

(ii) Amounts generated by activities eligible under section 105(a)(15) of the Act and carried out by an entity under the authority of section 105(a)(15) of the Act;

(iii) Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at §570.482(f)(3)(v) or are carried out in conjunction with a grant under section 108(q) of the Act in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under section 108 of the Act which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part. However, such treatment shall not affect the right of the Secretary to require the section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at §570.705(b)(1).

(3) The state may permit the unit of general local government which receives or will receive program income to retain the program income, subject to the requirements of paragraph (e)(3)(ii) of this section, or the state may require the unit of general local government to pay the program income to the state. The state, however, must permit the unit of general local government to retain the program income if the program income will be used to continue the activity from which the program income was derived. The state will determine when an activity will be considered to be continued.

(i) *Program income paid to the state.* Program income that is paid to the state is treated as additional CDBG funds subject to the requirements of this subpart and must be distributed to units of general local government in accordance with the method of distribution in the state's final Statement. To the maximum extent feasible, program income shall be distributed before the state makes additional withdrawals from the Treasury, except as provided in paragraph (f) of this section. (ii) *Program income retained by a unit of general local government.*

(A) Program income that is received and retained by the unit of general local government before closeout of the grant that generated the program income is treated as additional CDBG funds and is subject to all applicable requirements of this subpart.

(B) Program income that is received and retained by the unit of general local government after closeout of the grant that generated the program income is not subject to the requirements of this subpart, except:

(1) If the unit of general local government has another ongoing CDBG grant from the state at the time of closeout, the program income continues to be subject to the requirements of this subpart as long as there is an ongoing grant; and

(2) If program income is used to continue the activity that generated the program income, the requirements of this subpart apply to the program income as long as the unit of general local government uses the program income to continue the activity;

(3) The state may extend the period of applicability of the requirements of this subpart.

(C) The state shall require units of general local government, to the maximum extent feasible, to disburse program income that is subject to the requirements of this subpart before requesting additional funds from the state for activities, except as provided in paragraph (f) of this section.

(f) *Revolving funds.* (1) The state may permit units of general local government to establish revolving funds to carry out specific, identified activities. A revolving fund, for this purpose, is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific activities which, in turn, generate payments to the fund for use in carrying out such activities. These payments to the revolving fund are program income and must be substantially disbursed from the revolving fund before additional grant funds are drawn from the Treasury for revolving fund activities. Such program income is not required to be disbursed for non-revolving fund activities.

(2) The state may establish a revolving fund to distribute funds to units of general local government to carry out specific, identified activities. A revolving fund, for this purpose, is a separate fund (with a set of accounts that are independent of other program accounts) established to fund grants to units of general local government to carry out specific activities which, in turn, generate payments to the fund for additional grants to units of general local government to carry out such activities. Program income in the revolving fund must be disbursed from the fund before additional grant funds are drawn from the Treasury for payments to units of general local government which could be funded from the revolving fund.

(3) A revolving fund established by either the State or unit of general local government shall not be directly funded or capitalized with grant funds.

(g) *Procurement.* When procuring property or services to be paid for in whole or in part with CDBG funds, the state shall follow its procurement policies and procedures. The state shall establish requirements for

procurement policies and procedures for units of general local government, based on full and open competition. Methods of procurement (e.g., small purchase, sealed bids/formal advertising, competitive proposals, and noncompetitive proposals) and their applicability shall be specified by the state. Cost plus a percentage of cost and percentage of construction costs methods of contracting shall not be used. The policies and procedures shall also include standards of conduct governing employees engaged in the award or administration of contracts. (Other conflicts of interest are covered by §570.489(h).) The state shall ensure that all purchase orders and contracts include any clauses required by Federal statutes, executive orders and implementing regulations.

(h) *Conflict of interest — (1) Applicability.* (i) In the procurement of supplies, equipment, construction, and services by the States, units of local general governments, and subrecipients, the conflict of interest provisions in paragraph (g) of this section shall apply.

(ii) In all cases not governed by paragraph (g) of this section, this paragraph (h) shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance with CDBG funds by the unit of general local government or its subrecipients, to individuals, businesses and other private entities.

(2) *Conflicts prohibited.* Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (h)(3) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this subpart 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 the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(3) *Persons covered.* The conflict of interest provisions for paragraph (h)(2) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG funds.

(4) *Exceptions: Thresholds requirements.* Upon written request by the State, an exception to the provisions of paragraph (h)(2) of this section involving an employee, agent, consultant, officer, or elected official or appointed official of the state may be granted by HUD on a case-by-case basis. In all other cases, the state may grant such an exception upon written request of the unit of general local government provided the state shall fully document its determination in compliance with all requirements of paragraph (h)(4) of this section including the state's position with respect to each factor at paragraph (h)(5) of this section and such documentation shall be available for review by the public and by HUD. An exception may be granted after it is determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program or project of the state or unit of general local government as appropriate. An exception may be considered only after the state or unit of general local government, as appropriate, has provided the following:

(i) 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

(ii) An opinion of the attorney for the state or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate state or local law.

(5) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the requirements of paragraph (h)(4) of this section have been satisfactorily met, the cumulative effect of the following factors, where applicable, shall be considered:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(iv) Whether 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;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (h)(3) of this section;

(vi) Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

(i) *Closeout of grants to units of general local government.* The State shall establish requirements for timely closeout of grants to units of general local government and shall take action to ensure the timely closeout of such grants.

(j) *Change of use of real property.* The standards described in this section apply to real property within the unit of general local government's control (including activities undertaken by subrecipients) which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (24 CFR 85.36, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments"). These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of the unit of general local government's grant.

(1) A unit of general local governments may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, unless the unit of general local government provides affected citizens with reasonable notice of and opportunity to comment on any proposed change, and either:

(i) The new use of the property qualifies as meeting one of the national objectives and is not a building for the general conduct of government; or

(ii) The requirements in paragraph (j)(2) of this section are met.

(2) If the unit of general local government determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (j)(1) of this section, it may retain or dispose of the property for the changed use if the unit of general local government's CDBG program is reimbursed or the state's CDBG program is reimbursed, at the discretion of the state. The reimbursement shall be in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property, except that if the change in use occurs after grant closeout but within 5 years of such closeout, the unit of general local government shall make the reimbursement to the State's CDBG program account.

(3) Following the reimbursement of the CDBG program in accordance with paragraph (j)(2) of this section, the property no longer will be subject to any CDBG requirements.

(k) *Accountability for real and personal property.* The State shall establish and implement requirements, consistent with State law and the purposes and requirements of this subpart (including paragraph (j) of this section) governing the use, management, and disposition of real and personal property acquired with CDBG funds.

(l) *Debarment and suspension.* The requirements in 2 CFR part 2424 are applicable. CDBG funds may not be provided to excluded or disqualified persons.

(m) *Audits.* Audits of the state and units of general local government shall be conducted in accordance with 24 CFR part 44 which implements the Single Audit Act (31 U.S.C. 7501-07). States shall develop and administer an audits management system to ensure that audits of units of general local government are conducted in accordance with 24 CFR part 44.

[57 FR 53397, Nov. 9, 1992, as amended at 60 FR 1952, Jan. 5, 1995; 61 FR 54922, Oct. 22, 1996; 67 FR 15112, Mar. 29, 2002; 72 FR 73496, Dec. 27, 2007]

§ 570.490 Recordkeeping requirements.

(a) *State records.* (1) The state shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the state's administration of CDBG funds under §570.493. The content of records maintained by the state shall be as jointly agreed upon by HUD and the states and sufficient to enable HUD to make the determinations described at §570.493. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. The records shall also permit audit of the states in accordance with 24 CFR part 85.

(2) The state shall keep records to document its funding decisions reached under the method of distribution described in 24 CFR 91.320(j)(1), including all the criteria used to select applications from local governments for funding and the relative importance of the criteria (if applicable), regardless of the organizational level at which final funding decisions are made, so that they can be reviewed by HUD, the Inspector General, the Government Accountability Office, and citizens pursuant to the requirements of §570.490(c).

(b) *Unit of general local government's record.* The State shall establish recordkeeping requirements for units of general local government receiving CDBG funds that are sufficient to facilitate reviews and audits of such units of general local government under §§570.492 and 570.493. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program.

(c) *Access to records.* (1) Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt and use of CDBG funds and necessary to facilitate such reviews and audits.

(2) The State shall provide citizens with reasonable access to records regarding the past use of CDBG funds and ensure that units of general local government provide citizens with reasonable access to records regarding the past use of CDBG funds consistent with State or local requirements concerning the privacy of personal records.

(d) *Record retention.* Records of the State and units of general local government, including supporting documentation, shall be retained for the greater of three years from closeout of the grant to the state, or the period required by other applicable laws and regulations as described in §570.487 and §570.488.

[57 FR 53397, Nov. 9, 1992, as amended at 71 FR 6971, Feb. 9, 2006]

§ 570.491 Performance and evaluation report.

The annual performance and evaluation report shall be submitted in accordance with 24 CFR part 91.

(Approved by the Office of Management and Budget under control number 2506-0117)

[60 FR 1916, Jan. 5, 1995]

§ 570.492 State's reviews and audits.

(a) The state shall make reviews and audits including on-site reviews, of units of general local government as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the Act.

(b) In the case of noncompliance with these requirements, the State shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences and prevent a recurrence. The state shall establish remedies for units of general local government noncompliance.

§ 570.493 HUD's reviews and audits.

(a) *General.* At least on an annual basis, HUD shall make such reviews and audits as may be necessary or appropriate to determine:

(1) Whether the state has distributed CDBG funds to units of general local government in a timely manner in conformance to the method of distribution described in its action plan under part 91 of this title;

(2) Whether the state has carried out its certifications in compliance with the requirements of the Act and this subpart and other applicable laws; and

(3) Whether the state has made reviews and audits of the units of general local government required by §570.492.

(b) *Information considered.* In conducting performance reviews and audits, HUD will rely primarily on information obtained from the state's performance report, records maintained by the state, findings from on-site monitoring, audit reports, and the status of the state's unexpended grant funds. HUD may also consider relevant information on the state's performance gained from other sources, including litigation, citizens' comments, and other information provided by the state. A State's failure to maintain records in accordance with §570.490 may result in a finding that the State has failed to meet the applicable requirement to which the record pertains.

[57 FR 53397, Nov. 9, 1992, as amended at 61 FR 54922, Oct. 22, 1996]

§ 570.494 Timely distribution of funds by states.

(a) States are encouraged to adopt and achieve a goal of obligating and announcing 95 percent of funds to units of general local government within 12 months of the state signing its grant agreement with HUD.

(b) HUD will review each state to determine if the state has distributed CDBG funds in a timely manner. The state's distribution of CDBG funds is timely if:

(1) All of the state's annual grant (excluding state administration) has been obligated and announced to units of general local government within 15 months of the state signing its grant agreement with HUD; and

(2) Recaptured funds and program income received by the state are expeditiously obligated and announced to units of general local government.

(c) HUD may collect necessary information from states to determine whether CDBG funds have been distributed in a timely manner.

§ 570.495 Reviews and audits response.

(a) If HUD's review and audit under §570.493 results in a negative determination, or if HUD otherwise determines that a state or unit of general local government has failed to comply with any requirement of this subpart, the state will be given an opportunity to contest the finding and will be requested to submit a plan for corrective action. If the state is unsuccessful in contesting the validity of the finding to the satisfaction of HUD, or if the state's plan for corrective action is not satisfactory to HUD, HUD may take one or more of the following actions to prevent a continuation of the deficiency; mitigate, to the extent possible, the adverse effects or consequence of the deficiency; or prevent a recurrence of the deficiency:

(1) Issue a letter of warning that advises the State of the deficiency and puts the state on notice that additional action will be taken if the deficiency is not corrected or is repeated;

(2) Advise the state that additional information or assurances will be required before acceptance of one or more of the certifications required for the succeeding year grant;

(3) Advise the state to suspend or terminate disbursement of funds for a deficient activity or grant;

(4) Advise the state to reimburse its grant in any amounts improperly expended;

(5) Change the method of payment to the state from an advance basis to a reimbursement basis;

(6) Based on the state's current failure to comply with a requirement of this subpart which will affect the use of the succeeding year grant, condition the use of the succeeding fiscal years grant funds upon appropriate corrective action by the state. When the use of funds is conditioned, HUD shall specify the reasons for the conditions and the actions necessary to satisfy the conditions.

(b)(1) Whenever HUD determines that a state or unit of general local government which is a recipient of CDBG funds has failed to comply with section 109 of the Act (nondiscrimination requirements), HUD shall notify the governor of the State or chief executive officer of the unit of general local government of the noncompliance and shall request the governor or the chief executive officer to secure compliance. If within a reasonable time, not to exceed sixty days, the governor or chief executive officer fails or refuses to secure compliance, HUD may take the following action:

(i) Refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

(ii) Exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d–2000d–7);

(iii) Exercise the powers and functions provided for in §570.496; or

(iv) Take such other action as may be provided by law.

(2) When a matter is referred to the Attorney General pursuant to paragraph (b)(1)(i) of this section, or whenever HUD has reason to believe that a State or unit of general local government is engaged in a pattern or practice in violation of the provisions of section 109 of the Act, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

§ 570.496 Remedies for noncompliance; opportunity for hearing.

(a) *General.* Action pursuant to this section will be taken only after at least one of the corrective or remedial actions specified in §570.495 has been taken, and only then if the State or unit of general local government has not made an appropriate or timely response.

(b) *Remedies.* (1) If HUD finds after reasonable notice and opportunity for hearing that a State or unit of general local government has failed to comply with any provision of this subpart, until HUD is satisfied that there is no longer failure to comply, HUD shall:

(i) Terminate payments to the state;

(ii) Reduce payments for current or future grants to the state by an amount equal to the amount of CDBG funds distributed or used without compliance with the requirements of this subpart;

(iii) Limit the availability of payments to the state to activities not affected by the failure to comply or to activities designed to overcome the failure to comply;

(iv) Based on the state's failure to comply with a requirement of this subpart (other than the state's current failure to comply which will affect the use of the succeeding year grant), condition the use of the grant funds upon appropriate corrective action by the state specified by HUD; or

(v) With respect to a CDBG grant awarded by the state to a unit of general local government, withhold, reduce, or withdraw the grant, require the state to withhold, reduce, or withdraw the grant, or take other action

as appropriate, except that CDBG funds expended on eligible activities shall not be recaptured or deducted from future CDBG grants to such unit of general local government.

(2) HUD may on due notice suspend payments at any time after the issuance of a notice of opportunity for hearing pursuant to paragraph (d) of this section, pending such hearing and a final decision, to the extent HUD determines such action necessary to prevent a continuation of the noncompliance.

(c) In lieu of, or in addition to, the action authorized by paragraph (b) of this section, if HUD has reason to believe that the state or unit of general local government has failed to comply substantially with any provision of this subpart, HUD may:

(1) Refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted; and

(2) Upon such a referral, the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the CDBG funds which was not expended in accordance with this subpart, or for mandatory or injunctive relief.

(d) *Proceedings.* When HUD proposes to take action pursuant to this section, the respondent in the proceedings will be the state. At the option of HUD, a unit of general local government may also be a respondent. These procedures are to be followed before imposition of a sanction described in paragraph (b)(1) of this section:

(1) *Notice of opportunity for hearing.* HUD shall notify the respondent in writing of the proposed action and of the opportunity for a hearing. The notice shall be sent to the respondent by first class mail and shall provide notice:

(i) In a manner which is adequate to allow the respondent to prepare its response, the basis upon which HUD determined that the respondent failed to comply with a provision of this subpart;

(ii) That the hearing procedures are governed by these rules;

(iii) That the respondent has 14 days from receipt of the notice within which to provide a written request for a hearing to the Docket Clerk, Office of Administrative Law Judges, and the address and telephone number of the Docket Clerk;

(iv) Of the action which HUD proposes to take and that the authority for this action is §570.496 of this subpart;

(v) That if the respondent fails to request a hearing within the time specified, HUD's determination that the respondent failed to comply with a provision of this subpart shall be final and HUD may proceed to take the proposed action.

(2) *Initiation of hearing.* The respondent shall be allowed 14 days from receipt of the notice within which to notify HUD in writing of its request for a hearing. If no request is received within the time specified, HUD's determination that the respondent failed to comply with a provision of this subpart shall be final and HUD may proceed to take the proposed action.

(3) *Administrative Law Judge.* Proceedings conducted under these rules shall be presided over by an Administrative Law Judge (ALJ), appointed as provided by section 11 of the Administrative Procedure Act (5 U.S.C. 3105). The case shall be referred to the ALJ by HUD at the time a hearing is requested. The ALJ shall promptly notify the parties of the time and place at which the hearing will be held. The ALJ shall conduct a fair and impartial hearing and take all action necessary to avoid delay in the disposition of proceedings and to maintain order. The ALJ shall have all powers necessary to those ends, including but not limited to the power:

(i) To administer oaths and affirmations;

(ii) To issue subpoenas as authorized by law;

(iii) To rule upon offers of proof and receive relevant evidence;

(iv) To order or limit discovery before the hearing as the interests of justice may require;

(v) To regulate the course of the hearing and the conduct of the parties and their counsel;

(vi) To hold conferences for the settlement or simplification of the issues by consent of the parties;

(vii) To consider and rule upon all procedural and other motions appropriate in adjudicative proceedings; and

(viii) To make and file initial determinations.

(4) *Ex parte communications.* An ex parte communication is any communication with an ALJ, direct or indirect, oral or written, concerning the merits or procedures of any pending proceeding which is made by a party in the absence of any other party. Ex parte communications are prohibited except where the purpose and content of the communication have been disclosed in advance or simultaneously to all parties, or the communication is a request for information concerning the status of the case. Any ALJ who receives an ex parte communication which the ALJ knows or has reason to believe is unauthorized shall promptly place the communication, or its substance, in all files and shall furnish copies to all parties. Unauthorized ex parte communications shall not be taken into consideration in deciding any matter in issue.

(5) *The hearing.* All parties shall have the right to be represented at the hearing by counsel. The ALJ shall conduct the proceedings in an expeditious manner while allowing the parties to present all oral and written evidence which tends to support their respective positions, but the ALJ shall exclude irrelevant, immaterial or unduly repetitious evidence. HUD has the burden of proof in showing by a preponderance of evidence that the respondent failed to comply with a provision of this subpart. Each party shall be allowed to cross-examine adverse witnesses and to rebut and comment upon evidence presented by the other party. Hearings shall be open to the public. So far as the orderly conduct of the hearing permits, interested persons other than the parties may appear and participate in the hearing.

(6) *Transcripts.* Hearings shall be recorded and transcribed only by a reporter under the supervision of the ALJ. The original transcript shall be a part of the record and shall constitute the sole official transcript. Respondents and the public, at their own expense, shall obtain copies of the transcript.

(7) *The ALJ's decisions.* At the conclusion of the hearing, the ALJ shall give the parties a reasonable opportunity to submit proposed findings and conclusions and supporting reasons therefor. Generally, within 60 days after the conclusion of the hearing, the ALJ shall prepare a written decision which includes a Statement of findings and conclusions, and the reasons or basis therefor, on all the material issues of fact, law or discretion presented on the record and the appropriate sanction or denial thereof. The decision shall be based on consideration of the whole record or those parts thereof cited by a party and supported by and in accordance with the reliable, probative, and substantial evidence. A copy of the decision shall be furnished to the parties immediately by first class mail and shall include a notice that any requests for review by the Secretary must be made in writing to the Secretary within 30 days of the receipt of the decision.

(8) *Record.* The transcript of testimony and exhibits, together with the decision of the ALJ and all papers and requests filed in the proceeding, constitutes the exclusive record for decision and, on payment of its reasonable cost, shall be made available to the parties. After reaching the initial decision, the ALJ shall certify to the complete record and forward the record to the Secretary.

(9) *Review by the Secretary.* The decision by the ALJ shall constitute the final decision of HUD unless, within 30 days after the receipt of the decision, either the respondent or the Assistant Secretary for Community Planning and Development files an exception and request for review by the Secretary. The excepting party must transmit simultaneously to the Secretary and the other party the request for review and the bases of the party's exceptions to the findings of the ALJ. The other party shall be allowed 30 days from receipt of the exception to

provide the Secretary and the excepting party with a written reply. The Secretary shall then review the record of the case, including the exceptions and the reply. On the basis of such review, the Secretary shall issue a written determination, including a Statement of the rationale therefor, affirming, modifying or revoking the decision of the ALJ. The Secretary's decision shall be made and transmitted to the parties within 60 days after the decision of the ALJ was furnished to the parties.

(10) *Judicial review.* The respondent may seek judicial review of HUD's decision pursuant to section 111(c) of the Act.

[74 FR 4636, Jan. 26, 2009]

§ 570.497 Condition of State election to administer State CDBG Program.

Pursuant to section 106(d)(2)(A)(i) of the Act, a State has the right to elect, in such manner and at such time as the Secretary may prescribe, to administer funds allocated under subpart A of this part for use in non-entitlement areas of the State. After January 26, 1995, any State which elects to administer the allocation of CDBG funds for use in non-entitlement areas of the State in any year must, in addition to all other requirements of this subpart, submit a pledge by the State in accordance with section 108(d)(2) of the Act, and in a form acceptable to HUD, of any future CDBG grants it may receive under subpart A and this subpart. Such pledge shall be for the purpose of assuring repayment of any debt obligations (as defined in §570.701), in accordance with their terms, that HUD may have guaranteed in the respective State on behalf of any non-entitlement public entity (as defined in §570.701) or its designated public agency prior to the State's election.

[59 FR 66604, Dec. 27, 1994]

TITLE 1 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Section 105 (a)

Eligible Activities

Sec. 105.* (a) Activities assisted under this title may include only

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

(3) Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties and including the renovation of closed school buildings);

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;

(7) disposition (through sale, lease, donation or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been

* Sec. 209 of the 1998 VA - HUD appropriations act, Public Law 105-65, added the following as an eligible activity:

SEC. 209. BROWNFIELDS AS ELIGIBLE CDBG ACTIVITY - During fiscal year 1998, States and entitlement communities may use funds allocated under the community development block grants program under title I of the Housing and community Development Act of 1974 for environmental cleanup and economic development activities related to Brownfields projects in conjunction with the appropriate environmental regulatory agencies, as if such activities were eligible under section 105(a) of such Act.

provided by the unit of general local government (through funds raised by the such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of non-entitled communities not more than 15 per centum statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such

assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, and except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 2003 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of the fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25 percent in each fiscal year for activities under this paragraph;

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted under this title;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to (A) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act; and (8) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701 (e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

(14) provisions of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning;

(15) assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c), and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

(16) activities necessary to the development of energy use strategies related to recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as

(A) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions; and

(B) a statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities.

(17) provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that

- (A) creates or retains jobs for low- and moderate-income persons;
 - (B) prevents or eliminates slums and blight;
 - (C) meets urgent needs;
 - (D) creates or retains businesses owned by community residents;
 - (E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
 - (F) provides technical assistance to promote any of the activities under subparagraphs (A) through (E);
- (18) the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937;

(19) provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);

(20) housing services, such as housing counseling, in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;

(21) provisions of assistance by recipients under this title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;

(22)¹ provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by-

(A) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;

¹Sec. 807(c)(3) of the Housing and Community Development Act of 1992, Public Law 102-550, October 28, 1992 added the following:

(3) SENSE OF THE CONGRESS: -It is the sense of the Congress that each grantee under title I of the Housing and Community Development Act of 1974 should reserve 1 percent of any grant amounts the grantee receives in each fiscal year for the purpose of providing assistance under section 105(a)(23) of such Act to facilitate economic development through commercial microenterprises.

(B) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and

(C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;

(23) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low and moderate income neighborhoods;

(24) provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to-

- (A) subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers;
- (B) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;
- (C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees);
- (D) provide up to 50 percent of any down payment required from low- or moderate-income homebuyer; or
- (E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low- or moderate-income homebuyer; and

(25) lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

Application Process:		
Steps	Management Guide Reference	IowaGrants Reference
Review all program guidelines	IowaGrants application guidance & IEDA program guidance	
Review Citizen Participation Requirements	Chapter 1, Appendix 1 pg 22	
Review Procurement regulations & guidance	Chapter 2, Appendix 2 IEDA website: https://www.iowaeconomicdevelopment.com/Community/downloads (Procurement Documents for Communities)	
Procure an administrator to write & submit your CDBG application. If using a COG, you do not need to procure	Chapter 2, Appendix 2 pgs. 11-13 IEDA website: https://www.iowaeconomicdevelopment.com/Community/downloads (Procurement Documents for Communities)	
Procure an engineer or architect for pre-design, design, and construction services (HSG exempt)	Chapter 2, Appendix 2 pgs. 11-13 IEDA website: https://www.iowaeconomicdevelopment.com/Community/downloads (Procurement Documents for Communities)	Document in Application
Complete income survey or gather census data (DTR Excluded)	IEDA website: https://www.iowaeconomicdevelopment.com/Community/downloads (Recipient Income Requirements & Census Information Section)	Upload Income Survey Instrument with application
Obtain a DUNS Number for your community	Chapter 1, Appendix 1 pg 32	
Complete the required Community Development and Housing Needs Assessment	IowaGrants Application Guidance	Upload Community Development and Housing Needs Assessment with application
Hold a public hearing about the application submittal and the project.	IowaGrants Application Guidance	Upload proof of publication/posting and minutes with application
Complete a HUD Disclosure form 2880	IowaGrants Application Guidance	Upload HUD disclosure form 2880 with application
Complete the Federal Assurance Signature Page form	IowaGrants Application Guidance	Upload the Federal Assurance Signature Page form with application
Create Administration Plan & select homeowners/ verify income (HSG)	IowaGrants Application Guidance	Upload the Administration Plan with application
Complete green streets criteria (CF and DTR only)	Community Facilities: Chapter 6, Appendix 6 DTR: Chapter 7, Appendix 7	Upload Green Streets Criteria with application
Complete, double check, verify, the CDBG application	IowaGrants Application Guidance	
Submit the CDBG application		

Grant Process:		
Steps	Management Guide Reference	IowaGrants Reference
Receive award letter and contract		Found in electronic documents
Sign and return contract		
Verify that financial management standards meet CDBG guidelines	Chapter 4	
Review the recordkeeping checklist and set up filing system	Chapter 1, Appendix 1	
Sign contracts for administrator/engineer/architecture ensuring they have required federal contract language	Chapter 2, Appendix 2	Keep in file
Complete contractor clearance for administrator/engineer/architecture/technical services	Chapter 2, Appendix 2	Create form and submit in Compliance Forms
Sign subrecipient agreements (CF only)	Chapter 1, Appendix 1 pg	Upload in Contract Condition Clearance Documents component
Start the environmental review process	Chapter 3, Appendix 3 IEDA website: Environmental Compliance Section	
Adopt a Code of Conduct	Chapter 2, Appendix 2	Upload in electronic documents component
Adopt Prohibition on the use of Excessive Force Resolution	Chapter 1, Appendix 1	Upload in Required Uploads component
Adopt a Procurement Policy	Chapter 2, Appendix 2	Upload in electronic documents component
Review Civil Rights-Equal Opportunity laws	Chapter 1, Appendix 2	
Adopt an Equal Employment Opportunity Policy	Chapter 1, Appendix 1	Upload in electronic documents component
Adopt Residential Anti-displacement and Relocation Assistance Plan (RARA)	Chapter 1, Appendix 1	Upload in Required Uploads component
Review and Implement mandatory and optional actions to Affirmatively further fair housing	Chapter 1, Appendix 2	Keep in file
Adopt a Fair Housing Policy	Chapter 1, Appendix 2	Upload in electronic documents component
Create Administration Plan (DTR)	Chapter 7, Appendix 7	Upload in contract condition clearance document component

Steps	Management Guide Reference	IowaGrants Reference
Procure for other NON-CONSTRUCTION services as necessary	Chapter 2, Appendix 2	Keep in file
Submit the Alternative Signature Authorized form (if necessary)	Chapter 1, Appendix 1	Upload in Electronic Documents component
Submit a claim every 6 months for CDBG activity AND administration	Chapter 4, Appendix 4 pgs. 2-4	Submit in claims component
Submit completed Environmental Review Record (ERR)		Create form and submit in Compliance Forms
Obtain Environmental Release of Funds		Found in created environmental review form in Section 106, Section 3, Contractor Clearance, Environmental Reviews, Wage Rate, 3-D component
Create Façade Easements with building owners (DTR only)	Chapter 7, Appendix 7	Upload in contract condition clearance document component
Create Construction Restrictions Agreement with building owners (DTR only)	Chapter 7, Appendix 7	Upload in contract condition clearance document component
Complete acquisition (if necessary)	Chapter 2, Appendix 2	Keep in file
Receive Construction Permit from DNR (W&S only)	Contract conditions in contract	Upload in contract condition clearance document component
Receive Handicap Accessibility letter from Architect (CF building projects only)	Contract conditions in contract	Upload in contract condition clearance document component
Iowa Green Streets Construction Documents ((If applicable)	Contract conditions in contract	Upload in contract condition clearance document component
Final Storm water Design Documents (CF storm water projects only)	Contract conditions in contract	Upload in contract condition clearance document component
IDALS letter confirming storm water designs meet Iowa Green Streets Criteria requirement (If applicable)	Chapter 1	Upload in electronic documents
Complete Section 3 form annually by December 31	Chapter 8, Appendix 8	Create form in Section 106, Section 3, Contractor Clearance, Environmental Reviews, Wage Rate, 3-D component
State building code compliance letter from architect (CF building projects only)	Contract conditions in contract	Upload in contract condition clearance document component

Steps	Management Guide Reference	IowaGrants Reference
Once homes and facades are selected, complete tier II environmental requirements on each site (HSG & DTR only)	Chapter 3, Appendix 3 IEDA website: Environmental Review Section	Create tier II form and submit in Section 106, Section 3, Contractor Clearance, Environmental Reviews, Wage Rate, 3-D component
Conduct first Radon test (HSG only)	Chapter 5, Appendix 5	Keep in file
Review Davis Bacon and Related Act requirements	Chapter 2, Appendix 2	
Request a wage determination (HSG exempt)	Chapter 2, Appendix 2	Create form and submit in Compliance Forms
Request a 10 day verification of wage determination (HSG exempt)	Chapter 2, Appendix 2	Email Dan Narber with contract number and he will verify
Complete construction bidding	Chapter 2, Appendix 2	Keep in file
Complete contractor clearance on contractor	Chapter 2, Appendix 2	Create form and submit in Compliance Forms
Submit construction bid invitation advertisement (DTR only)		Upload in contract condition clearance document component
Sign contracts for construction insuring they have required contract federal language	Chapter 2, Appendix 2	Keep in file
Erect CDBG sign	Chapter 2, Appendix 2 IEDA Website: https://www.iowaeda.com/cdbg/management-guide/(Project Sign Section)	
Post Job Site Posters at construction site (HSG exempt)	Chapter 2, Appendix 2	
Start construction		
Receive and Review original, signed construction payroll forms weekly (HSG exempt)	Chapter 2, Appendix 2	Keep in file
Conduct construction employee interviews for several classifications (HSG exempt)	Chapter 2, Appendix 2	Keep in file
File forgivable mortgages once homes are completed (HSG only)	Chapter 5, Appendix 5	Keep copy in file

Steps	Management Guide Reference	IowaGrants Reference
Complete audit forms annually (due 30 days after audit letter received from IEDA)	Chapter 1, Appendix 1	Upload in Audit Documents component. A placeholder will already be created for you to attach form.
Submit contract Amendments (as needed)	Chapter 1, Appendix 1	Create form and upload letter in contract amendment component
Follow lead safe guidelines (HSG only)	Chapter 5, Appendix 5	Upload Lead-Based Paint Compliance Form in Required Uploads component
Submit a copy of the publication and minutes from the Status of Funded Activities hearing to be held once construction has started but before 50% of CDBG funds has been expended.	Chapter 1, Appendix 1	Upload in Required Uploads component
Receive email and prepare for on-site monitoring	IEDA Website: https://www.iowaeda.com/UserDocs/monitoringchecklist.pdf (Monitoring, Documentation and Reporting Section)	Site Visit component for checklist project manager will be using
Review Site Visit Final Report and submit any requested documents (due 30 days after Site Visit Final Report received from IEDA)		Found in Monitoring Uploads. Submit all requested documents here.
Update Applicant/Recipient Disclosure form (as necessary)	Chapter 1, Appendix 1	Upload in electronic documents component
If mitigated for radon, complete follow up radon testing (HSG only)	Chapter 5, Appendix 5	Keep in file
Submit Iowa Green Streets Criteria applicable appendices D, E, and F (If applicable)	Chapter 6, Appendix 6 (CF) Chapter 7, Appendix 7 (DTR)	Upload in green streets criteria section
Submit 3-D form (CF non-storm water projects only)	Chapter 1, Appendix 1	Create form and submit in Compliance Forms
Receive Satisfactory Completion letter		Found in Close-out component