



Community Development Block Grant
Hurricanes Gustav and Ike
Parish-Implemented Program Recovery

Affordable Rental Program Guidelines

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Program made possible by:
Louisiana Recovery Authority
The Office of Community Development's Disaster Recovery Unit
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HURRICANES GUSTAV AND IKE Community Development Block Grant (CDBG) Affordable Rental Program



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HURRICANES GUSTAV AND IKE

Community Development Block Grant (CDBG)

Affordable Rental Program



1.0 OVERVIEW

1.1 Purpose

Hurricane Gustav caused major wind and flood damage throughout Louisiana, from the southern coastal parishes through central and northern parishes. Two weeks later, Hurricane Ike hit the state's southern coastal communities. Many of the residents were unable to return to their homes for a number of days and a large number of residents whose homes remain unlivable continue to need short-term shelter and long-term transitional housing. With losses of housing stock concentrated in certain communities, the state has developed the competitive pool that prioritizes those parishes most impacted by the 2008 storms and in greatest need. The purpose of the \$50,000,000 Affordable Rental Program (hereinafter, "the Program") is to provide assistance to eligible entities in restoring and creating new affordable rental units, particularly for persons of low and moderate income. The term "State" in this Program guideline refers to the entity administering the program, i.e., Office of Community Development - Disaster Recovery Unit (OCD-DRU) in conjunction with the Louisiana Recovery Authority (LRA). The Program is funded through the State via the Community Development Block Grant program of the US Department of Housing and Urban Development (HUD). In the following sections, a description of the State's complete affordable rental program is presented along with the amount of funds available and the method of distribution of those funds. As required by 2008 disaster supplemental bill, at least 11.2% of the state's overall allocation has been dedicated to affordable rental housing programs. The Affordable Rental Program will consist of two approaches 1) competitive rental programs and direct allocation to the five entitlement parishes most affected by hurricanes Gustav and Ike. The Program is targeted to all eligible entities, including municipalities; non-profit and for-profit organizations that were affected by hurricanes Gustav/Ike as determined by HUD damage estimates based on FEMA and SBA inspection data. For any application to be considered for funding, the applicant must comply with the requirements of this program description as well as federal regulations and state requirements and submit a complete and acceptable application, with an emphasis on projects ready to proceed. A funding cap has been established of a maximum award of \$4,000,000.00, however OCD/DRU retains the right to determine if higher requirements are eligible. All applications must be received by May 7th at 5:00 pm.

1.2 Program Commitment

It is the purpose of the Program to provide a mechanism to develop, rehabilitate, and/or reconstruct affordable rental housing for the most vulnerable population in areas impacted by Hurricanes Gustav and Ike. Primary program objectives are two-fold:



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1. Provide assistance to entities to be used for activities supporting new affordable rental housing construction.
2. Develop, rehabilitate and rebuild affordable rental housing.

The State realizes that in many parishes there is limited capacity as recovery from the storms continues. The State will conduct workshops to assist applicants in the preparation of grant applications and administration and management in accordance with program requirements. In addition, the State is available to provide technical assistance to eligible applicants. In an effort to effectively target resources and ensure program accountability, the Program has incorporated a focus on project outcomes. Shrinking resources on the national and state levels require that programs provide concrete evidence that their investments are resulting in desired outcomes. The competitiveness of projects to be funded under the Program is based primarily on their ability to achieve these proposed outcomes. Various indicators will be used to measure progress toward achieving the goals and outcomes.

1.3 National Objectives

Each activity must address at least one of the two National Objectives of the Program: (1) benefit low and moderate income ("LMI") persons and (2) aid in the prevention or elimination of slums and blight. The Program has been designed to give maximum priority to activities that will benefit LMI persons. HUD adjusts median family income levels annually. To find the most up to date data regarding income limits set by HUD, applicants can visit the following web-site: www.huduser.org/datasets/il.html

2.0 ELIGIBLE ACTIVITIES

State CDBG Regulations located at §570.482 do not list specific eligible activities, therefore all regulations cited are the CDBG Regulations located at §570.200. Nevertheless, competitive awards must address the housing needs of very low to moderate income households.

Eligible housing activities are:

- New construction of rental housing properties
- Acquisition of rental housing properties
- Conversion of non-residential buildings to residential rental properties
- Rehabilitation of rental housing properties
- Any combination of the above

Ineligibility

The State reserves the right to direct revisions of project proposals if activities prove to be CDBG ineligible, do not address program initiatives, or are not necessary project components; if proposed project costs are determined to be unacceptable e.g., costs exceed CDBG requirements; or if there is not enough funding available to fully fund the



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request. The general rule is that any activity not specifically authorized under the CDBG regulations is ineligible to be assisted with CDBG funds.

In general, ineligible activities include the following:

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

2.1 Eligible Applicants

The State will accept applications for the Program from parishes, municipalities, development districts, private, and non-profit organizations affected by Hurricanes Gustav and Ike. Competitive CDBG funds will be awarded for work done for affordable rental housing in the following parishes:

| | | | |
|-------------------|-----------------|----------------------|------------------|
| Acadia | Iberia | Sabine | Washington |
| Allen | Iberville* | St. Bernard | West Baton Rouge |
| Ascension | Jefferson | St. Charles | West Carroll |
| Assumption | Jefferson Davis | St. Helena | West Feliciana |
| Avoyelles | Lafourche* | St. James | Winn |
| Beauregard | Lafayette | St. John the Baptist | |
| Calcasieu | La Salle | St. Landry | |
| Cameron* | Livingston | St. Martin | |
| Catahoula | Madison | St. Mary | |
| Concordia | Morehouse | St. Tammany | |
| East Baton Rouge* | Orleans | Tangipahoa | |
| East Carroll | Ouachita | Terrebonne* | |
| East Feliciana | Plaquemines | Tensas | |
| Evangeline | Pointe Coupee | Union | |
| Franklin | Rapides | Vermilion | |
| Grant | Richland | Vernon | |

*The top 5 most damaged parishes from Hurricanes Gustav and Ike may also participate. Those parishes will be able to apply to the state competitive program



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as well as be able to use their own allocation to create additional affordable rental housing stock, with an emphasis on most damaged properties.

2.2 Eligible Project Costs

Funds may be used to pay the following eligible costs:

1. Development Hard Costs. These include acquisition of property, site improvements, construction, rehabilitation, conversion and demolition.
2. Development Soft Costs. These include, financing costs, such as building permits, legal and developer fees, property appraisals, credit and title costs, etc. Also included are engineering, architectural, or related professional services, relocation costs, affirmative marketing, and fair housing information.

Eligible Property Types

Single Family, Duplex, Tri-plex, Four-plex, Townhomes, Multi-Unit complex.

2.3 Ownership Requirements

The grantee must receive and document proof of ownership from the recipient. A family or individual owns the property if that family or person:

- ✓ Has fee simple title to the property;
- ✓ Maintains a 99-year leasehold interest in the property;
- ✓ Has a recorded life estate agreement; or
- ✓ Owns or has a membership in a cooperative or mutual housing project that constitutes Granteeship under state law.

OCD/DRU requires the applicant to conduct a title-search to determine clear title, outstanding liens, and if the applicant is the rightful owner of the property. The title search will also allow applicants to learn if there are any outstanding liens on the property.

2.4 Relocation Requirements

Tenants in rental units are covered by the Uniform Relocation Act (URA) and possibly by Section 104(d) of the Housing and Community Development Act. 24 CFR Part 42 regulations implement Section 104(d) of the Housing and Community Development Act. See Section 10: Acquisition and Relocation of the Grantee Administrative Manual for more information. In addition, the Lead Safe Housing Rule (LSHR), states that temporary relocation may be required if lead hazard reduction work is performed. The grantee is not obligated to provide financial assistance; however, it must ensure the family is relocated to a suitable, decent, safe and similarly accessible dwelling unit that



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does not have lead-based paint hazards. See Section 10: Acquisition and Relocation of the Grantee Administrative Manual and 24 CFR 35.1345 for more information.

For all other situations, applicants are permitted (but not required) to relocate households temporarily while work is being completed. (For example, if rehabilitation work requires shutting off heat or plumbing for some period of time, temporary relocation may be appropriate.) In these cases, the applicants must meet several requirements:

- ✓ Applicants must have a written policy on eligibility and level of relocation benefits, known as an Optional Relocation Policy, so that benefits are distributed in a fair, nondiscriminatory manner.
- ✓ Residents who are relocated temporarily must be offered a dwelling that is suitable, safe, sanitary and lead safe. However, the unit does not have to be comparable. All other conditions of the move must be reasonable.

2.5 Property Standards

Housing that is constructed or rehabilitated with these funds must meet all building code standards, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

- ✓ Any improvement needed to bring the unit to code or which will result in energy conservation should be specified as an eligible improvement.
- ✓ Exterior painting or siding should also be eligible, depending on local weather conditions.
- ✓ General property improvements – carports, window air conditioning, room additions, etc., are generally ineligible. Refer to 24 CFR 570.487 (c) for additional information.

To comply with HUD's LSHR, rehabilitation to all units built prior to 1978 must follow prescribed rehabilitation practices and pass final clearance before re-occupancy of the unit. See Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual for more information on compliance with LSHR.

2.6 Financial Statements of Applicants

Financial statements for the three fiscal years prior to the application and interim financial statements through the previous quarter are required for the owner (including any ownership interest other than limited partnerships), the principals of the ownership entity, and the proposed guarantor (if different). Each financial statement must identify all contingent liabilities including guarantees on other developments in process, income taxes estimated or accrued, and operating deficits.



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If the most recent fiscal year ends within three months of or after the submission period, the applicant shall submit financial statements for the three prior fiscal years plus interim financial statements through the previous quarter of the most recent fiscal year that has been certified. If an applicant has not been in operation for the last three years, communication with the State is required. Financial statements must meet the Department's standards as follows:

- For corporations or other business entities, financial statements must be audited by an independent certified public accountant (CPA) and clearly indicate the net worth and working capital of each entity;
- For individuals acting as guarantors, financial statements at a minimum must be compiled by an independent CPA and clearly indicate the net worth and working capital and all contingent liabilities, including liability for estimated or accrued income or other taxes, for each person; and
- Compiled individual statements must also be prepared in accord with Generally Accepted Accounting Principles (GAAP) and signed and certified by the individual(s).

2.7 Compliance Period

The Compliance Period will begin once the Certificate of Occupancy (CO) has been issued on new construction or a Building Permit Final has been issued on existing structures. Acceptance of funds for affordable rental housing projects requires an affordability period of five (5) yrs. Owners of the rental projects will be required to sign forgivable deferred loan documents (mortgage, note, etc.) and a restrictive covenant enforcing the compliance period for five (5) years after which time the deferred loan is forgiven. Owners of the rental property are required to maintain occupancy of units with low to moderate income tenants during the five year affordability period. The Owner's responsibility and rental requirements during the compliance period are as follows:

- a. Annual income certification of tenants;
- b. Adherence to the HUD rent limits (see HUD rent limits chart attached);
- c. Compliance with Section 8 Housing Quality Standards; and
- d. Reporting to the OCD-DRU.

In addition, the owner of the property will be required to sign a subrogation agreement, where the owner pledges any future receipt of funds from duplication of benefit sources will be returned to the state.



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3.0 OVERVIEW OF THE FUNDING PROCESS

3.1 Application Process

The program is a tool to address many community needs, particularly for low and moderate income persons. All eligible entities may apply for funding through the program, however, the program is competitive and there may be more applications than funds available. Therefore, it is important for eligible applicants to make a strong case for its project and follow the application procedures.

Due to the program being competitive, each application will be scored (see scoring section). A minimum score of 70 will be required for the project application to be approved for federal consideration.

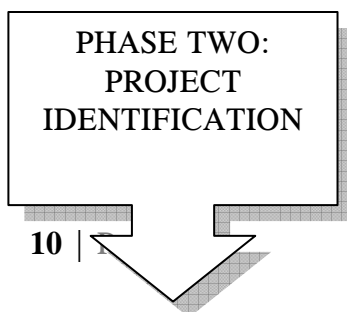
To assist in understanding the application process for the competitive parish program, we have provided a flow chart outlining the steps necessary to successfully develop a proposal for funding. As indicated on the chart, there are five basic phases of application development:

- Determining Community Needs
- Project Identification and Assessment
- Project Development
- Applying for Funding, and
- Project Selection



Develop a Citizen Participation Plan

- ❖ Identify citizens and organizations that can provide assistance, guidance, and input into the needs assessment and application process.
- ❖ Solicit input from broad community and conduct outreach to LMI persons
- ❖ Research, analyze and compile documentation or community development needs.
- ❖ Market Study/Survey Data



Evaluate Priority Needs

- ❖ Determine the most appropriate project to achieve the desired outcome.
- ❖ Identify a project based on needs assessment.



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- ❖ Review any existing plans relevant to the potential project.
- ❖ Discuss the potential project with the State and obtain technical assistance.
- ❖ Seek collaborative partners, and design the Development Team.



PHASE THREE: PROJECT DEVELOPMENT

Request Application from the State

- ❖ Compile documentation for meeting the national objective of LMI persons
- ❖ Identify proposed project service area and beneficiaries or customers
- ❖ Compile documentation indicating market conditions/need for project (distressed conditions of community, preliminary engineering report, etc.)
- ❖ Determine how the project will work.
- ❖ Analyze potential project design and feasibility issues that must be addressed.
- ❖ Develop cost estimates and preliminary budget.
- ❖ Submit application request by the deadline.



PHASE FOUR: APPLY FOR ARP FUNDING

Complete the Project Proposal

- ❖ Publicize and conduct public hearing on proposed allocation.
- ❖ Document citizen participation efforts.
- ❖ Obtain local match resolution and partner commitments
- ❖ Make sure all project selection criteria have been addressed in the application.
- ❖ Complete final proposal requirements and obtain local official signatures for certifications.
- ❖ Submit proposal to the State



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PHASE FIVE: PROJECT SELECTION PROCESS

Projects Evaluated by the State

- ❖ State conducts feasibility review.
- ❖ Applicant responds to the State questions.
- ❖ State may conduct site visit with appropriate local staff and persons familiar with project details (grant administrator, engineer, rehabilitation specialist, etc.)
- ❖ If grant is awarded, return signed funding reservation letter to initiate project.
- ❖ Kick off meeting

Applications for projects that are subject to the competition will be accepted and reviewed during the scheduled, competitive round. The timeline will provide the application deadline dates. If needed, additional rounds of competition may be held until all available resources have been reserved. Projects that will be rated and ranked in any competitive round must meet the threshold requirements set forth below, submitted by eligible applicants, and contain a completed application that is submitted no later than the application deadline.

Market Study/Survey Data

An applicant may conduct a methodologically sound income survey to establish the LMI status of households or families in the project area and a copy should be included in the application along with an explanation of the methodology used. Data used must be recent and post Gustav Ike. The study must show a clear need for affordable rental housing for the area. Compiled data must be kept on hand and available for review for by the State.

3.2 Threshold Criteria

The following threshold criteria must be met by all projects to be considered for funding:

- The minimum term of affordability for projects receiving funding is 5 years
- There must be a clear attempt to rent a portion of the units in the project to households at or below 80% of the Area Median Income.
- 51% of total units must be LMI
- Each project submitted for consideration for funding by the State shall be evaluated with respect to financial feasibility. Projects with a gap in funding will not be selected for an award.
- Each project submitted for consideration for funding by the program shall be evaluated with respect to its “readiness to proceed” based on the status of site control, zoning, financing commitments, status of construction drawing, selection of the general contractor, permitting and other commonly used indicators.



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Funding preference shall be given to those projects that are most likely to be able to commence development in a timely manner upon approval of funding.

Note: Consideration will be given for those projects in which there is a balance of mixed income units, and further availability of all units LMI.

Individual Application

An eligible applicant may apply for one project per application and that project must be designed to address an identified priority need of rental housing. However, no more than 20 properties are allowed on one application.

3.3 Threshold Review

This is a screening process that is intended to eliminate projects that do not meet basic requirements. The staff will review applications and supporting documentation to determine compliance with the State's criteria and to approve any requests for waivers of threshold criteria. If projects satisfy all threshold criteria or receive a waiver, they will then be evaluated against the project evaluation criteria. Incomplete applications, projects that do not meet the threshold requirements, and projects which are denied a waiver will not be rated against the project evaluation criteria and will not be ranked during the competitive process. Instead, these applications will be withdrawn from processing and the sponsors notified of the deficiencies. These applications may be strengthened and resubmitted at a later date as long as funding is available.

3.2 Selection Process

Applications will be reviewed for completeness. Any application which contains significant problems, deficiencies or discrepancies, such that a determination of the viability or fundability of the project cannot be readily determined, will be returned to applicant, with a letter from the State addressing the discrepancies. Failure to adequately respond within ten (10) working days will result in the application being returned to the applicant.

An on-site review of the proposed project may be conducted as necessary to verify information in the application. Upon completion of the review, applications will be evaluated and scored based on the Selection Criteria outlined in Section 4.0.



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3.3 Waivers

In connection with the approval of selections for funding by the State, the program may waive a provision of these Guidelines, however, in most instances feasibility waivers are rare. Waivers are on a case-by-case basis and are at the discretion of the State based on certain conditions. The cases that could be granted a waiver must meet the following conditions:

- The project presents compelling or novel opportunities to alleviate the affordable housing crisis; and
- The grant of a waiver will produce a public benefit not otherwise available.

In general, the State requires applicants considering a request for a waiver to submit such requests in writing to the ARP council at least 60 days in advance of the application submission deadline. This provision for waivers applies only to the ARP program. Federal regulations affecting CDBG regulations may not be waived.

4.0 PRIORITIZATION SCORING AND RANKING CRITERIA

Applicants that are interested in applying for the program must provide:

- a brief written description of the proposed project,
- an estimate of the percentage of units which are LMI,
- the project location and map,
- total project costs,
- all funding sources,
- the amount of CDBG funds to be requested
- the proposed use of such funds, and
- a letter of support by the local of governing parish and/or municipality.

Signed application requests must be submitted by the chief elected official of the eligible applicant's municipality, parish, non-profit and for-profit government by the application deadline. Applications will be reviewed to determine whether the proposed project appears to meet eligibility, national objective and threshold requirements. The State may request a meeting with the potential applicant or conduct a site visit to determine eligibility and feasibility prior to mailing an application. Application completeness will be prioritized.

4.1 Development Team (75 points)

Full points will be awarded to developers that:

- 1) Development team can demonstrate capacity to complete a project within a projected time-frame versus actual completion and that the project budget came within 20% of



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original budget (any housing type development). Submit projects completed within the last 3 years; (including any of CDBG previous awarded projects) along with a list of financial references and telephone numbers of contacts that can verify the project's status.

2) Provide documentation of a proven track record to move leased up rental units. Proposer must provide photos of the before and after.

Members of the Development Team May Not:

- Have participated as an owner or manager in the development or operation of a project that has defaulted on a State's or other government or private sector loan in the previous five years;
- Have consistently failed to provide documentation required by the State in connection with other loan applications or the management and operation of other existing developments
- Have been involuntarily removed within the previous five years as a general partner or managing member from any affordable housing project whether or not financed or subsidized by the programs of the State.
- Have a current limited denial of participation from the U.S. Department of Housing and Urban Development (HUD);
- Be debarred, suspended or voluntarily excluded from participation in any Federal or State program; or
- Have been directly involved with any project placed on the State's defaulted loans watch list due to actions which, in the opinion of the State, are attributable to the sponsor or the development team.
- Certifies it's compliance and warrants continued compliance with all applicable non-discrimination, equal opportunity, and affirmative action, and local, small disadvantage business enterprise requirements of the federal and local governments.

4.2 Population Services (55 points)

Projects can target specific special needs groups without violating fair housing law. To accomplish this, certain procedures must be followed. A project waiting list must be maintained and no person with a disability may be denied the right to submit an application for housing. In order to target a specific group, the owner/manager must develop a written preference policy for the targeted population. When a vacancy occurs, the owner/manager must identify the oldest application on the waiting list that can receive the preference and verify application information. If all information is verified, that household must be offered the vacant unit. Project preferences cannot favor one referral source over other qualified referral sources.



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1. Workforce housing (15 points)

Workforce housing has become an important topic for the nation and for the state of Louisiana. It is an essential ingredient to successful economic development. Interest in promoting workforce housing is being fueled by the recognition that an economically diverse population is important to the region's economic vitality and quality of life. All sectors of the economy have reported a workforce shortage due to a lack of affordable housing. Severe damage in Hurricanes Gustav and Ike resulted in an increased demand for housing. At the same time, soaring rental costs have made finding affordable housing a challenge for many of the state's workers including teachers, police officers, firefighters, health care workers, retail clerks, administrative personnel and others, all of whom are essential to the economic vitality of the region and the success of its corporations, institutions and governmental services.

Workforce Housing aims at satisfying the housing needs of family households earning 80% to 120% of area median

2. Permanent Supportive Housing (15 points)

Projects that provide integrated independent housing opportunities for individuals with disabilities, may be awarded points in this category. Transitional housing or other facilities with limits on the term of occupancy or leases by tenants are not eligible to receive points under this category. Applicants may propose projects for special needs households exclusively, or set aside a portion of the project units for these households. However, special needs projects should strive to be integrated and non-stigmatizing, smaller, special needs only projects that serve a larger mixed-population are encouraged. To receive points, an application should include a letter from or a memorandum of understanding or other agreement with an entity that will assist the applicant in marketing the units to individuals with disabilities or special needs. The sponsor must provide a marketing plan for meeting its targeting commitments.

In order to be eligible for points, the applicant must propose to households that include the homeless (a person sleeping in a place not meant for human habitation or in an emergency shelter, or a person in transitional housing), domestic violence victims, those with a chemical or alcohol dependency, persons with AIDS, physical disabilities, severe mental illness, or acquired traumatic brain injury, those aging out of foster care (18 years or older) or that have a mental retardation or developmental disability that substantially limits one or more of their major life activities. The list is not intended to be exclusive. Other special needs conditions that cause severe impairment can be accommodated. For instance, autism could be accommodated under severe mental illness and blindness/deafness under physical disabilities.

Before targeting a special needs group not listed above, the applicant should contact the State for guidance. The head, or co-head of household must have a record of such



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impairment or be regarded as having the impairment. A special needs household may consist of an individual, unrelated individuals, or a family. To qualify, however, it is necessary that the head or co-head of household have the special needs condition. The State, on a case-by-case basis, will consider applications for projects that target households with a member with a special needs condition, if it can be shown that the head or co-head of household serves as a primary caregiver as verified by a third party primary treatment provider.

Consideration will be awarded for units that are held for individuals with disabilities until the prescribed percentage of resident individuals with disabilities is achieved but no longer than 60 days beyond 80% of initial occupancy for new construction projects. Consideration will be awarded to occupied rehabilitated projects that will market and hold units for individuals with disabilities upon turnover for at least 60 days after vacancy.

3. Income Targeting (25 points)

Points for projects will be awarded based on the following:

If 75% of unit mix serves 80% and/or below = 10 points

If 10% of total unit mix serves 30% and below = 15 points

4.3 Project Quality; design and location (31 points)

1. Sustainable Development 10 points

Points will be awarded for projects with the following qualities of the project design, material selection and environmental and site considerations. At the State's discretion, staff may inspect the project and associated community and evaluate the plans and specifications for compliance with these qualities.

a. Green Construction (5 points)

Points will be awarded to eligible applicants who demonstrate the environmental sustainability and energy conservation of their projects, if the project incorporates at least six of the Green Construction criteria's outlined in **Appendix IV**. The applicant must submit the scoring checklist, completed by the project architect or a qualified third party demonstrating the criteria has been achieved to meet green certification as defined within this program guide. New Construction and Rehabilitation projects that incorporate in their plans and specifications Green Building techniques will receive these points. They must be included in either the specifications or work write-up and as a separate attachment indicating which green construction techniques will be utilized.



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b. Energy Standards (5 Points)

Points under this section will be awarded for utilization of the following combination of Energy Star rated products and energy efficiency technologies during construction. All properties must submit an Energy Improvement Report in order to be awarded these points.

Two of the following four choices must be utilized in each unit and incorporated into the specifications and/or work write-up:

- Inclusion of energy Star rated heating and cooling products. Homes equipped with heat pumps which have programmable thermostats shall be required to use “adaptive recovery” technology in order to prevent excessive use of electric back-up heating.
- All windows are Energy Star rated.
- Three or more of the following Energy Star qualified appliances: dishwasher, refrigerator, freezer, range / hood and Central Air Conditioning
- All energy Star qualified ceiling fans, light fixtures and ventilation fans.

Note: Developer must clearly identify Energy Star products in the plans and specifications and/or work write-up. For application review purposes these must be identified collectively in one location.

2. Amenities, Location and Design Criteria (10 points)

Under this category, projects will be evaluated and awarded points based upon the following qualities of the site and project design. At the States discretion, staff will inspect the project and associated community and will thoroughly evaluate the plans and specifications for compliance with these qualities.

- The on-site layout of the buildings and other improvements is well thought out and complements the surrounding environment and existing neighborhood. **(1 point)**
- Individual unit sizes are spacious and the floor plans well designed. **(1point)**
- The site is suitable for the proposed development and limited or no extraordinary or unanticipated geotechnical environmental or utility infrastructure costs are indicated. **(1 point)**
- Amenities are consistent with or better than amenities in other similar projects in the market area. **(1 point)**
- Unit amenities are consistent with or better than amenities in other similar projects in the market area. **(1 point)**
- Material selections are of better quality, environmentally friendly and designed for durability and long term performance with reduced maintenance. **(1 point)**



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- Converting existing structures to rental housing – (This is not considered preservation of existing rental stock.) Projects may be considered which an existing building is rehabilitated into rental units by utilizing at a minimum the shell of the existing building. Shell utilization does not include demolition and reuse of shell components. Examples would include old school buildings, old hospitals, etc. Please submit pictures of the existing building and include all rehab work in the specifications and/or a comprehensive work-write up in order to receive points. **(1 point)**
 - The project is located outside the floodplain. **(3 points)**
3. Community Area (6 points)
- A community room is an area for the benefit of the tenants that is separate from other areas such as the office or laundry facility. This is a designated area where individual tenants and their families or groups of tenants can share common interests. A community room should not be confused with a Community Service Facility. **(2 points)**
 - A vegetated open space would provide a high ratio of open space to development footprint to promote biodiversity. The area should be equal to 1) Twenty (20%) percent of the project site area, or 2) equal to the building foot print. Vegetated open space is defined as lawns, gardens, plant beds, and fish ponds with plants, shrubs or trees. Retention Ponds are not considered as vegetated open space. **(2 points)**
 - Project would provide covered storage facilities and racks for securing bicycles for fifteen percent (15%) or more of building occupants. **(2 points)**

In order to receive points for outdoor community amenities, pictures of the type of commercial grade equipment must be sent as an attachment. A higher quality of equipment and permanent type fixtures are expected in order to increase the life expectancy in projects of this type. The specifications should reflect the commercial grade equipment that will be used. In order to comply with Fair Housing, the community areas and play ground areas must be made handicap accessible. This could include sidewalks and wider openings to play ground, outdoor sitting/community areas and outdoor grilling areas. It is strongly suggested to consult an insurance agent regarding the cost of insurance prior to pledging any play ground, grilling areas or other outdoor equipment. The insurance for these amenities may be costly.

4. Individual unit outdoor amenities (5 points)



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Additional storage areas and private patio/deck areas must be provided for individual units in order to receive points for these amenities. Any additional storage or patio/deck areas should be shown on the plans and specifications. Normal closet space and pantries will not be considered an additional storage area. To receive point(s) in this area, the application narrative as well as the specifications must include a fenced back yard area with a single family unit.

Examples of unacceptable Amenities' include the following:

- A grassy fenced area does not constitute as a play ground.
- A dirt area with spray painted lines and a movable basketball goal does not constitute as a basketball court.
- A charcoal grill and a folding chair nearby does not constitute as an outdoor grill area with grills
- A patio table with an umbrella does not constitute as a gazebo or covered structure.
- A swing set and/or play ground equipment from the local store designed for one or two children does not constitute as a type of play ground equipment necessary for an apartment complex. A commercial/industrial grade of equipment is expected especially in family designed complexes.

All other amenities provided must be listed with a full description of that amenity in the narrative section of the application. No more than one additional point will be awarded in the "other" category regardless of the number of other amenities included.

4.4 Financial Feasibility (30 points)

1. Leveraged Funds (up to 20 points)

In order to receive points in this area, applicants that are bringing other sources of funds into the project can receive points based upon the commitment of funds letter that is submitted with the application. The letter needs to be specific as to the terms of the funding and should be on the funding source's letterhead. Projects which have received a firm commitment for financing are also included in the category. Loan commitments should list the rate, term and amount of the loan and grant commitments should list the grant amount.

Traditionally, investments by the community have the greatest long-term impact; this is why Projects using CDBG funds are encouraged to leverage public and private funds. Land and/or Buildings will be accepted as leveraged funds. Leveraging of funds is a scoring factor in the selection of projects for funding. Points will be awarded based on the percent of non-Federal, state, local or private funds specifically identified and designated to supplement award. The leverage ratio will compare all State funds to all



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project costs. Since total development costs are not all inclusive, these additional costs will be included in the calculation as well. The extra costs are, but are not limited to, developer's fee, funded guaranties and reserves, and syndication costs. Any fees for low and moderate income hook up/connection to public water and sewer must be waived or paid with non-CDBG funds, and may be considered part of the match requirement. In mixed income developments, the Department will evaluate leveraging on the affordable rental units only.

- a. Applicants that require at least 10% but less than 25% of their total budget from CDBG funds will receive **20 points**
- b. Applicants that require at least 25% but less than 75% of their total budget from CDBG funds will receive **15 points**
- c. Applicants that require at least 75% of their total budget from CDBG funds will receive **10 points**

The required match/leverage must be for activity costs directly related to the CDBG project. The state must approve in advance any proposed match/leveraging that has been spent prior to application submission. With prior written approval, the match may be used for preparation of the environmental review record (ERR), acquisition, engineering design or permitting prior to the submission of the application. This is encouraged so that projects are construction ready. The match/leveraging requirement may be modified or waived by the State upon written request and after consideration of the following minimum factors: the nature of the project, the need being addressed, local financial capacity and the availability of other resources. The State may request financial and other information as may be needed to make a determination.

2. Long Term Operating Reserves (10 points)

Points will be awarded to projects that maximize long term rent subsidies derived from non-project resources. The creation of reserve funds to subsidize rents will not be awarded points unless the subsidy is clearly funded from non-project resources. The subsidies must reduce the rent for the low-income tenants. The tenants should pay no more than 30% of their gross income for housing expenses, including utilities. Project based rental subsidies, payments in lieu of taxes, or other operating or social service subsidies are encouraged.

Funding priority will be given to projects that are considered to have best met the overall tests for feasibility, comprehensiveness of planning, and timeliness of completion.



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5.0 CONFLICT OF INTEREST

Applicants must abide by procedures to avoid conflicts of interest and minimize the appearance of conflict in administering program funds. The ARP Program is subject to regulations intended to ensure a fair process for award of funds in the selection of owners, tenants, contractors, and other participants who may obtain a financial interest or benefit from program activities.

Applicant should provide procedures that will be followed to ensure that officers, employees, agents, Board Members or consultants of the Applicant, and their immediate family members, who have access to inside information with regard to award of program funds or influence on policy or process by which funds are awarded, will be excluded from financial interest or benefit. Process must include factors that will be considered in requesting exceptions from the ARP Program and must provide for full public disclosure (including publication in a newspaper of general local circulation) in situations where an exception will be requested.

CDBG grantees and sub-recipients must comply with procurement requirements found at 24 CFR 570.489, 24 CFR 85.36 (for local governments) and 84.42 (for non-profit organizations) and with other state and local applicable conflict-of-interest provisions. If a grantee believes there may be a potential conflict of interest with a property or applicant, the grantee should use [HUD Form 2880](#) referenced in the FAQ's and contact OCD/DRU for further guidance.

6.0 INSPECTION PROCESS

The following draw/payment schedule shall apply to all program projects. Payments will be made in four increments, as follows.

1. Initial draw/payment of up to 25% can be made by the applicant for the construction contractor, when the construction contract between the property owner and contractor has been signed. The initial draw/payment will be made first from the escrow account.
2. Draws/payments equaling up to 50% of the total amount of the construction contract with not less than 50% completion of the work done, can be made by the applicant to the contractor. The work and each payment have to be approved by both the property owner and the Applicant.
3. The final draw/payment of the 25% remaining balance of the construction contract can be paid, upon completion of all the work, as long as final inspections are completed and a Certificate of Occupancy has been issued by the Applicant.



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4. Property owners must sign the Final Acceptance form before that final draw/payment can be made to the contractor.
5. The contractor must provide a signed Final Invoice and Release of Liens and Warranty to receive the final payment/draw.
6. The construction contractor shall warrant construction work as outlined in the bid specifications and contract for twelve (12) months.
7. The construction contractor shall warrant the structure for a minimum of five (5) years.

2.0 PROCUREMENT REQUIREMENTS

Both grantees and sub recipients must follow federal procurement rules when purchasing services, supplies, materials or equipment. The federal procurement rules establish standards and guidelines for the procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services for Disaster Recovery CDBG programs. These standards are furnished to ensure that such materials and services are obtained efficiently and economically and in compliance with the provisions of applicable Federal and State laws and executive orders.

Refer to the [CDBG grantee administration manual](#) or [HUD](#) for more detailed information regarding these requirements.

8.0 FUNDING REQUIREMENTS

Funding of projects shall be subject to available funds in each Parish in which the Applicant property is located. Approved applicants who are participating in the program will be issued a funding reservation letter for the award amount. These reservation letters will include the preliminary terms and conditions for the commitment of funds. They will also specify requirements that must be met in order for the projects to be approved for funds, including processing documentation and time frames. A reservation may be canceled and an application withdrawn from processing if any of the following occur:

- Failure to meet the time frames established in the application package
- The project is changed so that it no longer meets all program requirements.
- The project's developer, sponsor or owner, or their general partners, files for bankruptcy or is the subject of an involuntary bankruptcy
- The project is for any reason no longer feasible.
- The project's developer, sponsor or owner submits false, misleading or incomplete information to the State.
- The project is changed substantially from the initial submission. A substantial change includes:



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- a change resulting in a score reduction of the lesser of 3% or a reduction sufficient to drop the score below the cut-off score for the round in which the project was approved;
- a significant change in the project's design, financing or amenities;
- a material reduction in the project's income targeting or unit count;
- a change of the project's sponsor or other member of the development team without the prior written approval of the State; or
- a change of the project's site

9.0 SANCTIONS

If the recipient does not comply with the provisions of the Award Agreement, the State shall take the following actions to prevent a continuation of deficiency, mitigate, to the extent possible, the adverse affects or consequence of the deficiency; or prevent a recurrence of the deficiency. The following actions may be pursued, as well as any other actions deemed appropriate:

- Issue a letter of warning that advises the recipient of the deficiency and notifies the recipient that additional action will be taken if the deficiency is not corrected or is repeated.
- Advise the recipient that additional information or assurances will be required before acceptance of one or more of the certifications required for future CDBG projects.
- Notify the recipient of suspension or termination of funds for the violation of a specific activity.
- Advise the recipient to reimburse the grant in any amount improperly expended.
- Change the method of payment to the recipient from an advance basis to a reimbursement basis.
- Refrain from extending any further assistance to the recipient until such time as the recipient is in full compliance.

10.0 AWARD TERMINATION

The State may terminate all or part of an award for failure to comply with the terms and conditions of the Loan Agreement, also referred to as Termination for Cause, or where there is mutual agreement to terminate the award, referred to as Termination for Convenience.

Termination for Cause



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Conditions under which Termination for Cause procedures will be initiated include the following:

- Statutory violations of the Award Agreement resulting in a financial obligation to the State.
- Statutory violations with criminal penalties, such as fraud.
- Slow project performance after an adequate length of time to implement program activities and incur significant expenditures for project activities.
- Inability to comply with the CDBG national objective.
- Failure of recipient to comply with the Award Agreement despite repeated previous warnings.

The Developer and/or Contractor will be notified in writing of the State's intention to terminate the award no less than three (3) business days prior to written notice. The basis for proposed termination will be stated along with the identification of actions to be taken by the Developer and/or Contractor in order to prevent termination of the grant. The State will also offer technical assistance in resolving the problems that are the basis for termination.

The Developer and/or Contractor will be given thirty (30) days to respond to the proposed termination and present a plan or schedule of actions to be undertaken to avoid the termination. During this thirty (30) day period, a Stop Payment will be issued. Failure to respond within thirty days will result in immediate termination of the award. If a reasonable plan of action is submitted and approved by the State, the Developer and/or Contractor will be notified in writing of its approved Implementation plan and the Stop Payment will be removed. The Developer and/or Contractor will be closely monitored to ensure compliance. If the Developer and/or Contractor again fails to adhere to its plan, it will be notified in writing that the award will be terminated immediately.

Termination for Convenience

An award may be terminated in whole or in part with the mutual consent of the State and the Developer and/or Contractor. A Developer and/or Contractor may submit written notification to the State of its decision to terminate the award. The Developer and/or Contractor must identify the reasons for such determination, the effective date. The State, may initiate termination procedures after agreeing upon the termination conditions, effective date and amount.

Note:

The State shall have the work called for hereby otherwise performed without prejudice to any other rights or remedies of the State. The State shall have the benefit of such work as may have been completed up to the time of termination or cancellation and any materials delivered to the job site and any of the Developer and/or Contractor's tools or equipment remaining on the job site may be utilized by the State or any entity retained



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by the State's behalf to complete the outstanding work. If after work is completed, the State shall have any portion of the money set aside to pay for the work performed and if the State has been reimbursed for all damages resulting from Developer and/or the Contractor's action, such sum shall be paid to the Developer and/or the Contractor(s), or the Developer and/or Contractor(s) shall be paid the reasonable value for work performed by it, whichever is less.

11.0 COMPLIANCE AND MONITORING

The OCD/DRU Compliance and Monitoring Team provide oversight monitoring for OCD/DRU programs. The OCD/DRU Primary Monitoring Entities and staff monitor program performance and progress, including program-level monitoring of Contractors, State Grantees, Local Grantees and/or Subrecipients, depending on program requirements. The primary objectives of the monitoring process will be:

Compliance with program and regulatory requirements
Compliance with Financial requirements

Project Progress: The ongoing monitoring requirements for rental rehab are to ensure that:

1. the project owner maintains the appropriate mix of tenants throughout the compliance period;
2. the owner properly collects the required information and annually determines the income eligibility of tenants in the assisted units;
3. the owner collects rents that do not exceed the maximum rents, when adjusted for tenant-paid utility allowance;
4. the owner maintains the units to HQS standards; *and*
5. if the project is sold, the new owner complies with the same requirements (unless a foreclosure occurs).

Regulations require that each project be reviewed at least annually to determine that the owner is meeting the occupancy and rent obligations. This may be done through onsite review or offsite review of reports and files.

12.0 MAINTENANCE AGREEMENTS



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Recipients are required to maintain their property for the term of the financial assistance. Maintenance of the property should be examined by the designee throughout the term of financial assistance.

The State or Parish reserve the right to take any appropriate action necessary to ensure that the rehabilitated property is maintained, which may include requiring an early payback of financial assistance. Therefore, the rehabilitation guidelines should detail the maintenance standards and procedures for enforcement.

13.0 INCOME DETERMINATION

Census data may be used to the maximum extent feasible for determining the income of persons residing in target areas, the boundaries of the target area determined by the Parish for the activity should be compared with the boundaries of census divisions (tracts, block groups, etc). The census divisions that best fall within the service area should be used for refining the target area for purposes of reporting on the activity and for calculating the percentage of low to moderate income persons residing in that area. See *Appendix I – Income Determination* for more detail.

14.0 OTHER FEDERAL AND STATE STATUTES AND REGULATIONS

The following regulations, standards and/or requirements may be applicable and should be considered in the preparation of your application.

- Property Rehabilitation Standards: The local government will be required to adopt standards that apply to rehabilitation and reconstruction relative to the CDBG program which must meet, at a minimum, (a) HUD's Section 8 Housing Quality Standards, (b) the International Building Code as adopted by the State of Louisiana, (c) asbestos detection and abatement requirements of the Louisiana Department of Environmental Quality (d) HUD's Lead-based Paint Controls and Abatement Standards, and the Fire Administration Authorization Act of 1992.
- Audit Requirements: OMB Circular A-133 requires single audits of all grantees that have total annual federal expenditures in excess of \$500,000. Financial audits and/or certifications are required in accordance with State law when grantee has total annual federal expenditures less than \$500,000. Single audit costs may be eligible for reimbursement in part as an administrative expense.
- Uniform Act (Acquisition and Relocation): The relocation provisions of Uniform Act as it pertains to permanent relocation of citizens are applicable to the CDBG Housing Program. Housing programs usually do not cause permanent relocation but if such should happen, the relocation provisions of the Uniform Act will be



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applicable. The acquisition provisions of the Uniform Act will be applicable to a Housing application/grant only if acquisition of property is involved.

- Davis-Bacon Act & Contract Work Hours and Safety Standards Act (CWHSSA): Davis-Bacon and CWHSSA apply only if there are more than seven housing units under one construction contract. If Davis-Bacon is determined to be applicable, it requires that Federal prevailing wage rates be paid to all employees working under a construction contract of \$2,000 or more. Also, under CWHSSA, when it is applicable, all employees must be paid at least time and a half for any time they work more than forty hours per week.
- Lead-Based Paint: The construction or rehabilitation of residential structures is subject to the HUD Lead-Based Paint regulations, 24 CFR Part 35. Any grants or loans made for the rehabilitation of residential structures shall be made subject to the provisions for the elimination of lead-based paint hazards under subpart B of said regulations, and the grantee shall be responsible for the inspections and certifications required under Section 35.14(f) thereof.
- Environmental Review: Every project undertaken with Disaster Recovery CDBG funds, and all activities related to that project, is subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 CFR Part 58. The grantee is responsible for ensuring that the HUD environmental review process is completed. A violation of this requirement will jeopardize federal funding to this project.
- Duplication of Benefits: Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding or the Stafford Act itself may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all or a portion of the activity. Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as matching requirement, share or contribution for any other federal program. The Stafford Act also contains eligibility requirements for recipients who have received prior disaster funding based upon whether or not they are in compliance with requirements associated with receipt of those funds. Where applicable, recipients must be in compliance with these restrictions or individual funding will be denied.

Refer to the CDBG Administrative Manual for more detailed information regarding these requirements.



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15.0 CITIZEN PARTICIPATION

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

Local government must provide reasonable opportunities for citizen participation, hearings, and access to information with respect to local community. Grantees are expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

Grantees are required to conduct at least one public hearing during the course of the application process to elicit citizen feedback on the proposed housing application. In order to ensure a sufficient pool of qualified applicants, program staff should develop marketing procedures and materials (e.g., ads, flyers, etc).

- ✓ Marketing procedures should assure that the program is marketed to a full range of potential applicants.. These procedures should address the following:
- ✓ Use of equal opportunity language in advertisements and literature;
- ✓ Grantee waiver of eminent domain in advertisements and literature;
- ✓ Literature that is understandable to applicants, including key information available in other languages;
- ✓ A schedule and plans to ensure that advertising or other outreach efforts reach potential applicants at places they frequent;
- ✓ Lists of the places and/or personal contacts where program information is distributed such as churches, laundry mats, service providers, parks, etc.;
- ✓ Solicit input from local officials, businesses, organizations and citizens on the housing, economic and community development needs of the community, particularly those of low and moderate income persons.
- ✓ Advertise or post a notice and hold one or more public hearings to present the identified needs and to solicit public input and comment on the needs at least seven days prior to any public hearing.



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- ✓ Maintain records of all citizen participation efforts including notices, advertisements for hearings, logs, minutes and the written needs assessment and make these available to the public and to the State, as requested.

Accessible facilities such as the ability to accommodate people with disabilities and the completion of an accessibility self-assessment
Refer to the CDBG Administrative Manual for more details on this requirement.

16.0 COMPLAINT/LOCAL COMPLAINTS

Resolving local complaints is the grantee's responsibility. Grantees are required by Federal regulations to establish a procedure for handling complaints that deal with local program administration, management, or operational procedures. The OCD/DRU is responsible for monitoring to insure that a judicious procedure for handling local complaints is in place and is utilized when necessary. The grantee may provide HUD contact information to complainants as needed. For civil rights violations about grant programs, they should contact the Department of HUD, Office of Fair Housing and Equal Opportunity (1-800-669-9777). Complaints about fraud, waste, and abuse about grant programs that represent criminal wrongdoing or HUD standards of ethics and conduct may be submitted to the Office of Inspector General (1-800-347-3735).

Grievances are a part of every rehabilitation program. The best prevention is to conduct frequent on-site inspections of the work, and stop work when there are problems until the problems are corrected. Also grantees should make efforts to ensure recipients are well informed about the contract work, have initialed and signed-off on the work write-up, and have a copy of the program guidelines that include the grantee's grievance procedure. Refer to Section 2: Administration of the Grantee Administrative Manual for more information on grievances.

17.0 PERFORMANCE MEASURES

The goal of performance measures is to inform Congress and the public of the outcomes of CDBG Disaster Recovery activities. Demonstrating the results of these federally funded programs helps maintain and sustain public support and continued. Performance measures translate the impacts of activities into measurable results, which is helpful in communicating the benefit of the activities funded by Louisiana Office of Community Development, Disaster Recovery Unit.

A OBJECTIVES

As it relates to housing, there are two main objectives that the performance measures evaluate: suitable living environment and decent housing. Grantees are to determine



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the objective that their activity best fits. These objectives, which are intentionally broadly framed so as to the wide range of community impacts that result from program activities, are defined as:

- Creating Suitable Living Environments – applies to activities designed to improve the living environment in low- and moderate-income areas. Activities under this objective include those intended to address physical problems such as poor quality infrastructure, and social issues such as literacy, health services, and crime prevention.
- Providing Decent Housing – applies to activities intended to meet individual family or community needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements; such programs would be more appropriately reported under the suitable living environments objective.

B OUTCOMES

For each of these objectives there is an expected outcome, such as new or improved availability/accessibility, improved affordability, and improved sustainability. Grantees must select the outcome which their activity produces. The program outcome captures the impact or expected result of the objectives the grantee is seeking to achieve.

- Availability/Accessibility – applies to activities that make housing available or accessible to low- and moderate income people, including persons with disabilities. In this category, accessibility does not refer solely to physical barriers, but to services and facilities that low- and moderate-income people need to have access to in their community.
- Affordability - applies to activities that provide affordability in a variety of ways to low- and moderate-income people. It can include the creation or maintenance of affordable housing. Affordability is an appropriate outcome whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household.
- Sustainability – applies to activities aimed at sustaining or improving geographic areas such as neighborhoods by making them livable or viable and eliminating slum and blight. Activities under this outcome are targeted to specific physical locations.



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C INDICATORS

Indicators are the benefit described. There are four common indicators that are relevant for most activities. These indicators include:

- Funds leveraged from other federal, state, local, and private sources, by activity
- Number of persons, households, units, or beds assisted, as appropriate
- Total number of persons served and the percentage of low- and moderate-income individuals served
- Race/ethnicity and disability, for all activities other than administration and some planning activities.

Recipients are required to take a proactive role in affirmatively furthering fair housing in the community. Actions to promote fair housing are required to be documented. Recipients also agree that no person will be excluded from participation, denied program benefits, or subjected to discrimination on the basis of race, color, disability, familial status or national origin.

Grantees are required to submit reports on a quarterly basis using the procedures developed by OCD/DRU. Contact OCD/DRU for current reporting requirements.

18.0 CDBG ADMINISTRATIVE MANUAL

The purpose of the CDBG Administrative Manual is to:

- Assist grant administrators in the day-to-day administration of CDBG projects.
- Provide practical information on how to implement a CDBG project that will meet legal, financial and program obligations.
- Provide the grant administrator a simple step-by-step approach for the implementation of
- CDBG-funded projects including set-up, compliance with applicable requirements, audits and close-out.
- Provide tools to assist in CDBG project implementation. The tools include tips, lists, forms and sample documents.
- Note, however, that this Manual is intended as a guide and reference, not as a substitute for thorough knowledge of State and Federal laws and regulations referenced in the manual.



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Though not all inclusive, this Manual covers the major areas of CDBG administration, provides required and suggested forms and instructions, and provides references for applicable State and Federal laws and regulations.

Contact OCD/DRU for a copy of the CDBG Administrative Manual. This Manual should be retained and kept up-to-date to ensure effective administration of Disaster Recovery CDBG grants.

19.0 OTHER RESOURCES AND INFORMATION

It is very important to note that the applicable regulations and requirements are subject to change. Grantees are responsible for ensuring that they are in compliance with all applicable rules. This can be accomplished by periodically checking the websites listed below to see if updated or revised regulations have been issued:

Louisiana Recovery Authority: <http://lra.louisiana.gov/>

Guide to National Objectives and Eligible Activities for State CDBG Programs:
www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm

HOME Income Calculator:
www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/index.cfm

HUD Office of Healthy Homes and Lead Hazard Control:
www.hud.gov/offices/lead/index.cfm

HUD database: www.hud.org/adm/hudclips

National Archives: www.gpoaccess.gov/nara/index.html

HUD Office of Labor Relations: www.hud.gov/offices/olr/

HUD Office of Environment and Energy: www.hud.gov/offices/cpd/environment

Department of Labor: www.dol.gov

Office of Management and Budget: www.whitehouse.gov/omb

Guide to National Objectives and Eligible Activities for State CDBG Program:
www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm

For more information or assistance, grantees are encouraged to contact OCD/DRU.



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OCD/DRU USE ONLY

Affordable Rental Program SCORING SHEET

1) DEVELOPMENT TEAM **75 POINTS**

SCORE _____

2) POPULATION SERVICES **55 POINTS**

- Workforce House 15 points
- Permanent Supportive Services 15 points
- Income Targeting 25 points

SCORE _____

3) PROJECT QUALITY & DESIGN **31 POINTS**

- Sustainable Development 10 points
 - a. Green (5)
 - b. Energy (5)
- Amenities, Location & Design 10 points
- Community Area 6 points
- Individual Unit Outdoor Amenities 5 points

SCORE _____

4) FINANCIAL FEASIBILITY **30 POINTS SCORE**

- Leveraging of Funds up to 20 points
 - a. Level 1 20 points
 - b. Level 2 15 points
 - c. Level 3 10 points
- Long Term Operating Reserves 10 points

SCORE _____

191 Possible points **TOTAL SCORE** _____

*A SCORE OF ZERO IN ANY OF THE 4 AREAS MAKES THE APPLICATION INELIGIBLE.
MIN REQUIRED SCORE IS 70 POINTS*



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COMMENTS _____

SCORED BY: _____ DATE _____



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TIMELINE

| | |
|---|------------------------------------|
| March 7 th – May 7 th | Solicitation of Grant Applications |
| May 7 th , 5:00 pm | Application Deadline |
| May 10 th – June 4 th | Evaluation Committee |
| Week of June 14 th | Announcement of Grant Awards |



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APPENDICES



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Appendix I: Income Determination

HUD updates income limits annually. Income limits can be found at <http://www.huduser.org/portal/datasets/il.html>. Applicants must use limits that were in effect at the time of applicant intake.

In order to find the census tract(s) and block number(s) for the target area(s) do the following:

Go to www.census.gov → American Fact Finder → Maps → Reference Maps → 2000 Census tracts and Blocks → Choose a State and enter zip code of a residence in the target area

A map of the zip code area will open. Change the map size as needed. Change the “Features and Boundaries” as needed which will help you to more clearly identify census tracts and block groups.

In addition, the LRA has prepared parish maps identifying low-income areas of the parish. These maps are located on the LRA website under Gustav/Ike.

Determination of Gross Income

Annual Gross Calculation

Income is defined as the gross amount, before any deductions have been taken, of income that is anticipated to be received by all household members during the upcoming twelve (12) months. Income of household members under the age of 18 or a full-time student under the age of 25 is not counted. Income must be verified no earlier than six (6) months from the date the grant is made.

Sources of Income

Sources of income used in determining gross annual household income are as follows:

1. All wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services (before any payroll deductions). Employment income must be verified via third party. This means that the verification must come directly from the employer.
2. Net income from the operation of a business. This income is defined as the higher of either current year-to-date **net income** (proven through bank statements) or the highest **net income** shown on any one of the last three years’



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Federal Income Tax Returns with all schedules and attachments. **NET INCOME** is defined as gross income plus depreciation, plus amortization, plus deductions for use of a home, plus deductions.

3. All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment.
4. Payment in lieu of earnings, such as unemployment, worker's compensation, severance pay and welfare assistance. However, lump sum payments under health and accident insurance such as worker's compensation are excluded.
5. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling to the extent that such payments are reasonably expected to continue.
6. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the family, spouse or other person whose dependents are residing in the unit.

The following exceptions shall apply in the determination of gross income:

- Income from the employment of children under the age of 18 years.
- Payments received for the care of foster children. **Note: Foster children shall not be used in the determination of the number of persons in the household.**
- Lump-sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal and property losses. These items shall be considered as assets for the purposes of this program.
- Amounts that are specifically for, or in reimbursement of, the cost of medical expenses.
- Income from a live-in aide. **Note: A live-in aide shall not be used in the determination of the number of persons in the household.**
- Amounts of education scholarships paid directly to the student or the educational institution and amounts paid by the government to veterans for use in meeting the costs of tuition, fees, books and equipment. Any amounts not used for these purposes are to be included as income.



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- Special pay for a household member serving in the Armed Forces who is exposed to hostile fire.
- Amounts received under HUD-funded training programs or received under a public assistance program that are specifically for out-of-pocket costs made solely to allow participation in a specific program.
- Temporary, non-recurring or sporadic income.
- Lump sum payments of SSI and lump sum payments of Social Security benefits, the value of the allotment provided under the Food Stamp Act of 1977.

Federal Income Tax Returns

All household members shall be required to provide a copy of their Federal Income Tax Return for the most recent calendar year. The Federal Tax Return will be used as a basis to verify gross income as well as household composition.



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Appendix II: Contractor Requirements

All General Contractors must provide the following information to be considered for participation in the program:

- Completed Contractor Application form
- Copy of current State of Louisiana Builder's License
- Proof of Liability Insurance policy and Worker's Compensation coverage. A Sole Proprietors form must be signed if Contractor is excluded from carrying worker's compensation insurance
- Completion of the W-9 IRS form, provided by Administrator, even if the company is incorporated.

Contractors receiving work funded by CDBG have not been excluded from participation in Federal programs before contracts are awarded. To do this, the grantee must check the website at General Services Administration's (GSA) list of parties excluded from Federal Procurement or Non-procurement Programs at <http://epls.arnet.gov/>.

The guidelines should also specify contracting procedures which govern the conduct of work, such as those relating to change orders, dispute resolution, and acceptance of work. The Grantee should assume final authority for sign-off on completion of work in the event of a dispute between the owner and contractor. See Section 6: Procurement Methods and Contractual Requirements of the Grantee Administrative Manual for more information.

***** Each Sub-Contractor identified by the General Contractor will be required to complete the Contractor Application form and provide a copy of the applicable State license for their trade PRIOR to beginning work on any project financed with CDBG Rental dollars*

REQUIREMENTS

Participating Contractors must meet the following requirements:

- Completion of documents required for program or project participation
- Submission of completed bid packages
- Submission of Occupant Protection Plan for LBP Interim control and Abatement activities



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- Application for, and submission of copies of, all building permits and inspection reports as required by Local or State code
- Submission of copies of all invoices and bills showing the price, quantity, and quality of materials used on all projects
- Submission of Sworn Statement and signed waivers of lien in accordance with State of Louisiana lien laws
- Submission of required Rental Rehab Program invoice for all work completed
- Completion of and compliance with the provisions of the Property Owner/Contractor Agreement and established project timeline

*****Participating General Contractors must provide a Certificate of Insurance from their insurance carrier, with a minimum cancellation notification provision of ten days, certifying the insured is the General Contracting firm which has insurance in force.*

Contracting for Rehabilitation

Developing and implementing effective contracting procedures is one of the most critical tasks in a housing rehabilitation program. Four key elements involved in the contracting process are covered in the following discussion: recruiting contractors, bidding procedures, preparing the contract, and contract award and monitoring.

CONTRACTOR SELECTION

Recruiting Contractors

It is often difficult to recruit Louisiana licensed contractors if there are only relatively small jobs for repairing homes in poor condition. The grantee should identify possible contractors and attempt to interest them in program participation. The Louisiana Board for Contractors, yellow pages of the telephone book, the Chamber of Commerce, the local Small and Minority Business Administration, conversations with construction materials suppliers, and word of mouth are all information resources to aid in developing a contractors list.

In addition, grantees must ensure that they are using trained and certified workers to perform work in compliance with the lead safe housing rule.

Bidding Procedures

Bidding procedures need to be developed by grantees. Grantees must demonstrate that bids were let in a fair, unbiased manner and that efforts were made to solicit bids from small, minority and woman owned businesses. Below are some guidelines to include in bidding procedures.

- ✓ Bids must be advertised in the newspaper, through public notice or radio and by contacting an already approved documented list of contractors.



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- ✓ Advertising at the start of the program and establishing a list of contractors interested in bidding for jobs throughout the duration of the program is acceptable.
- ✓ At least three contractors should be encouraged to bid on each job.
- ✓ Grantees are required to check GSA's List of excluded Parties

Excluded from Federal Procurement before awarding a bid and must check this list when bids are received.

- ✓ Each contractor must provide proof of liability insurance in an amount deemed reasonable by the grantee. (OCD/DRU strongly recommends a minimum of \$100,000.) The liability insurance shall be maintained during the life of the contract.
- ✓ Each contractor must provide evidence of workers compensation insurance at a level in conformance with state law for all employees at the job site and shall require subcontractors to provide evidence of the same.
- ✓ If applicable to the project, Contractors must submit documentation that shows they are qualified to perform lead work. It should be noted that a separate contractor must be procured for lead based testing/clearance testing and lead based paint remediation.

Any solicitation for bids by the grantee should include:

- ✓ Location for bid document pick up and submission;
- ✓ Address of unit to be rehabilitated;
- ✓ Time the unit is open for inspection; and
- ✓ Time and place for bid opening.
- ✓ Work write up

OCD/DRU requires that minutes from the bid opening be taken. The minutes should include names of all present at the meeting, a list of all bids received and the amounts bid for the work.

Bids need to be reviewed for cost reasonableness. Grantees should be wary of bids below 15 percent of the cost estimate. Grantees should not award to the low bidder if the contractor has a backlog of incomplete rehabilitation jobs or a history of poor performance.

Preparing the Contract

The contract for rehabilitation must be a two-party contract between the Grantee and the contractor. The grantee remains responsible for monitoring contractor compliance with payments and all other program requirements.



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- ✓ Key Federal provisions which apply to all rehabilitation contracts are:
 - Lead Based Paint clause, and
 - Conflict of Interest clause.

Davis-Bacon and other labor standard provisions do not apply unless the rehabilitation involves a structure with eight or more units.

Within the contract, the grantee should require the contractor to, at a minimum:

- ✓ Retainage of 10%
- ✓ Obtain and pay for all necessary permits and licenses;
- ✓ Perform all work in conformance with the International Code Council (ICC) Property Maintenance Code whether or not covered by the specifications and drawings;
- ✓ Keep the premises clean and orderly during repairs and remove all debris at the completion of work;
- ✓ Obtain written consent from the grantee and the Grantee for changes to specifications;
- ✓ Comply with all required rehabilitation practices for the lead safe housing rule;
- ✓ Obtain written consent prior to sub-contracting;
- ✓ Provisions for termination and for non-performance;
- ✓ Pay for all lead-based paint clearance tests of the unit and continue work until the unit passes clearance; and
- ✓ Warrant the work for one year from final acceptance.

OCD/DRU requires that grantees attach a copy of the work write-up to the contract. A Sample Contract Package for Rehabilitation is provided in the Appendix.

Contract Award and Monitoring

Following award of the contract, the contract package must be executed by all parties. The Grantee must sign the contract and initial each page and sign the last page of the work write-up. A Notice to Proceed should be issued promptly to the contractor, specifying the time period within which the work should begin and when the work should be completed. A sample Notice to Proceed is provided.

It is good practice to hold a pre-construction conference to clarify the responsibilities of all parties. A sample Pre-Construction Conference Checklist is provided.

INSPECTIONS



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Grantee is responsible for ensuring all rehabilitation/reconstruction work is completed in accordance with the work write up or construction drawings. In addition, all footer framing and final inspections must be inspected by a certified building inspector.

- ✓ Inspections should be conducted frequently and should be formally documented in the files.
- ✓ Periodic interim inspections of the rehabilitation construction will be made by the grantee throughout the contract period.
 - These inspections will be conducted to assure compliance with the contract standards for workmanship and materials, to detect any unauthorized deviations and to identify necessary changes to the contract work in its early stages.
 - Interim inspection reports must be prepared and signed by the grantee representative, rehabilitation inspector, contractor and owner.
- ✓ Inspection and approval of completed work must be conducted by the grantee prior to the contractor's request for partial or final payment. The owner's approval of the work is also required when payment is requested. A sample copy of the Notice of Acceptance of Work is provided.
 - The grantee has the authorization to override an owner's decision and accept the work in accordance with grievance procedures if an owner makes unreasonable requests/demands and the contractor has satisfied all the requirements of the grantee.
- ✓ A final inspection of the work must be performed prior to final payment to the contractor in order for the project to be considered complete. A sample copy of Certification of Final Inspection is provided. It is important for grantees to realize that this final inspection of the work is not the last inspection of the project. OCD/DRU requires a follow-up inspection be performed 60 days after project completion as referenced in follow-up inspection listed at the end of this section.

CHANGE ORDERS

Any additions to, deletions from, or changes in the rehabilitation contract work, time, or price must be approved in a written change order request before the additional work is started. A sample Change Order is provided.

- ✓ The change order must be executed by the owner and the contractor and approved by the rehabilitation inspector and the grantee. Change orders may be used to add items of work that are essential to complete the original work and were not evident until after the work started.
- ✓ The contractor shall not be authorized to perform any work outside the scope of the original contract without a written and properly executed change order.

CLEARANCE

If the rehabilitation job had any lead hazard reduction work performed, a clearance of the unit must be passed before re-occupancy.



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- ✓ A clearance examination involves a visual assessment and dust testing to determine if the unit or worksite is safe for occupancy.
- ✓ Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or certified lead sampling technician.
- ✓ Clearance cannot be performed by the same contractor who performed the work. It must be a separate party.

The clearance test cannot be performed until one hour after the final cleaning of the unit.

- ✓ Results of the clearance test must be incorporated into a “Notice of Lead Hazard Reduction Activities” by the grantee. This notice must be provided to the Grantee within 15 days of the clearance test. (For additional information and sample documents, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.)

Grantees must be aware that if the unit fails the clearance test the unit cannot be reoccupied. The contractor will need to re-clean and another clearance test must be performed. Once the unit has passed the clearance test the final invoice may be processed.

FINAL DOCUMENTATION

Grantees should have the contractor sign an affidavit for Contract Termination and Release of Lien Form and provide warranty documents, and subcontractors release of lien waivers before final payout. After which, the Notice of Acceptance of Work may be issued to the contractor. A sample Project Benefit Profile by Person and by Household, Contract Termination and Release of Lien Form and Notice of Acceptance of Work is provided.

FOLLOW-UP INSPECTION

It is OCD/DRU’s policy that the grantee performs a follow-up inspection of the property 60 days after job completion. This inspection allows the grantee to see if there are any problems with the job. If problems have occurred, the grantee should assist the property owner to obtain corrective action according to the warranty. A sample 60 day follow-up form is provided.

CONFLICT OF INTEREST

CDBG grantees and sub-recipients must comply with procurement requirements found at 24 CFR 570.489, 24 CFR 85.36 (for local governments) and 84.42 (for non-profit organizations) and with other state and local applicable conflict-of-interest provisions. If a grantee believes there may be a potential conflict of interest with a property or applicant, the grantee should contact OCD/DRU for further guidance.



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PERFORMING WORK WRITE-UPS AND COST ESTIMATES

A very thorough inspection of the property must be conducted to determine the type and cost of work necessary to bring the property into compliance with International Code Council (ICC) Property Maintenance Code (for rehabilitation) or the International Building Code (IBC) (for reconstruction). After the inspection, the work to be done should be written down. This is termed a work write-up. At this stage, the items must be estimated in terms of cost, a process to produce a cost estimate. These write-ups are usually done on a room-by-room basis. Some grantees with experienced staff have blank forms the housing inspector completes. If the staff is inexperienced, they may need detailed check-off forms which list virtually every possible deficiency. The housing inspector checks for each one and specifies action needed to remedy the problem. It is better to err on the side of caution. A Sample Work-Write up and Cost Estimate Form is included.

- ✓ If a home was constructed prior to 1978, the Lead Safe Housing Rule (LSHR) applies. Therefore, there will need to be two work write-ups -- one initial and a final work write-up. The initial work write-up must specify all the work to be done to bring the building to standard. The final write-up should include all work necessary to comply with applicable lead hazard reduction requirements. (For additional information, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.)

HISTORIC PROPERTIES AND LEAD

In addition, historic properties (those more than 50 years old and/or listed or eligible for inclusion on a national, state or local historic register) are required to follow the Secretary of Interior's Standards for Rehabilitation (also referred to as the Section 106 requirements). During the environmental review process, grantees must consult the State Historic Preservation Officer (SHPO) for guidance for historic properties, which may require a Memorandum of Agreement or documentation approved by the SHPO. Grantees must then ensure the requirements stipulated by the SHPO be incorporated into the work write-up and cost estimate. Release of CDBG funds cannot be obtained until the grantee receives SHPO concurrence. (Refer to Section 9: Environmental Review of the Grantee Administrative Manual for detailed guidance.)

Pre-1978 Properties and Lead Hazard Reduction

All units in a project assisted with CDBG funds must comply with 24 CFR Part 35 which implements Title X of the Housing and Community Development Act of 1992, also referred to as the Lead Safe Housing Rule (LSHR). This regulation has been in effect since September 15, 2000, and Subpart J applies to rehabilitation projects.

The applicability of the requirements for Subpart J depends on the level of assistance provided for a project. This level of assistance is determined by taking the lower of:



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- ✓ The per unit rehabilitation hard costs (regardless of source of funds), or
- ✓ The per unit amount of Federal assistance (regardless of the use of the funds).

Some rehabilitation work performed in pre-1978 units may be exempt from following the lead safe housing rule such as:

- ✓ Properties found not to have lead-based paint during current testing and earlier testing that meets the requirements of prior evaluations.
- ✓ Properties where all lead-based paint has been identified and removed using approved methods; and
- ✓ Rehabilitation that does not disturb paint.

Grantees should refer to the Lead Safe Housing Requirements Screening Worksheet Parts 1-4 and 24 CFR 35.115 and 35.165 for more information regarding exemptions.

a. Evaluation Method

After the initial work write-up is complete, the rehabilitation specialist must determine which lead evaluation activity must be followed. The evaluation activity required depends on the level of assistance (see above for the definition of the level of assistance):

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

Grantees should be aware that there are additional rules for the type of work that is performed depending on the intent of the work. See the combined HUD-EPA Notice and Guidance for more information.

b. Notification

Results of the paint test and risk assessment must be provided in a Notice of Lead Hazard Evaluation to the Grantee within 15 days of the grantee receiving them. The person performing the evaluation may be able to assist the grantee in completing the form. It is important for the Grantee to know that, under the LSHR, they must disclose any knowledge of lead in the home to any future buyers of the property.

- ✓ Grantees also have the option to presume there is lead in the unit rather than paint testing or risk assessments. If presumption method is followed, a "Notice of



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Presumption” must be provided to the Grantee within 15 days of performing the initial inspection. (For additional information and sample documents, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.)

c. Finalizing the Work Write-Up

If the paint testing or risk assessment shows there are no lead hazards, then traditional rehabilitation practices may be followed.

If there are lead hazards found in the home then the following lead hazard reduction activities must be followed based on the amount of assistance and incorporated into the work write-up.

- ✓ < \$5,000. Repair surfaces to be disturbed using safe work practices and trained workers.
- ✓ \$5,000-\$25,000. Perform interim controls using safe work practices and trained workers. If presumption occurred, perform standard treatments using safe work practices and trained workers.
- ✓ > \$25,000. Perform abatement using safe work practices and certified abatement supervisor and certified workers.

The work write-up must be revised to incorporate the appropriate lead hazard reduction work and methods required to perform the work. Once the work write-up has been finalized, the cost estimate tells whether or not the work can be done within the average loan limits and the owner’s ability to repay.

The person preparing cost estimates should be familiar with the current rates for materials and labor and be able to estimate accurately the time required to complete each task. Good, reliable cost estimates are critical. Since costs change rapidly, it is important that cost estimates be used as soon as possible.



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Appendix III- Definitions-

- **Annual Income/Gross Income** – *Annual income is the gross amount of the household income anticipated to be received by a family during the twelve (12) months following the effective date of examination as calculated by the current HUD Section 8*
- **CDBG** - *The Community Development Block Grant program funded by the U. S. Department of Housing and Urban Development (HUD).*
- **General Contractor** – *Organization or individual that contracts with another organization or individual (owner) for the construction of a building, road or other facility*
- **Capital Improvement** – *is any structure or component erected as a permanent improvement to real property that adds to its value and useful life.*
- **Contingency** – *is a sum designated to cover unpredictable or unforeseen items of work such as termite damage.*
- **Contractors** – *A contractor is an entity paid with CDBG funds in return for a specific service (e.g. construction). Contractors must be selected through a procurement process*
- **Cloud on Title** – *is any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by a quitclaim deed, release, or court action.*
- **Covenant** – *is a clause in a mortgage that obligates or restricts the borrower and if the clause is violated, foreclosure can happen.*
- **Critical Health and Safety Deficiencies** - *Those necessary elements of the structure which are lacking or are deteriorated to a point which poses a real threat to the continued well being of the occupants. For the purpose of this plan, these include wiring, heating, and major structural problems, the lack of adequate plumbing, and sanitary septic systems.*



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- **Deed** – is the legal document conveying title to a property.
- **Dependent** - Any household member who is not the head of household, co-head or spouse, but is age 17 or younger; or handicapped or disabled (any age); or a full-time student.
- **EEO – Equal employment Opportunity** – refers to a number of laws and regulations that together require that CDBG recipients provide equal opportunity to all persons without regard to race, color, religion, age, familial status, disability, national origin, or sex in the administration of their programs.
- **Extremely Low Income** – A family whose incomes does not exceed 30% of the median family income for the area.
- **Encroachment** – is an improvement that intrudes illegally on another’s property.
- **Elderly/Disabled Household** - Any household where the head of household, spouse or co-head of household is 62 years of age or older, handicapped, or disabled
- **Emergency Condition** - Those items or conditions presenting a threat to the health and safety of the occupants of a dwelling unit. Specifically; dangerous conditions caused by plumbing, electrical, roofing and heating hazards.
- **Encumbrance** – is anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements or restrictions.
- **Equity** – is an applicants financial interest in a property. Equity in this program is the difference between the amount of the forgivable deferred loan and the amount of construction/completion.
- **Fair Housing** – refers to a number of laws and regulations that apply to the CDBG program and prohibit a wide range of discriminatory practices and require CDBG programs to be administered in a manner which affirmatively furthers fair housing.
- **Flood Insurance** – is insurance that compensates for physical property damage resulting from flooding? It is required for properties located in federally designated flood areas.



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- **Forgivable Deferred Loan (FDL)** – An amount of money awarded to a low-moderate income Applicant for the purpose of rehabilitating a single-family residence structure to the minimum requirements of the Housing Code. There is no requirement of repayment as long as the owner/occupant (applicant) maintains ownership and residency for (Amount of years designated by Grantee). If the property is sold or transferred within the (years stipulated) after rehabilitation is complete or if the unit does not continue to be occupied by the Applicant or their income eligible family within the (years stipulated), then the money is repaid.
- **For-Profit Organization** - Exists primarily to generate a profit, that is, to take in more money than it spends. The owners can decide to keep all of the profits themselves, or they can spend some of the money on the business itself. Or, they may decide to share some of it with their employees through the use of various types of compensation plans.
- **General Specification** – is a document that provides complete details on materials, quality standards and equivalent requirements, as well as installation or performance measures and standards.
- **Grantee** – See Recipient.
- **Grantor** – in this case The State of Louisiana.
- **Guarantees Mortgage** – is a mortgage that is guaranteed by a third party.
- **Historic Structure** – A housing unit which has been determined by the State Historic Preservation Officer (SHPO) to be on or eligible for the National Register of Historic Places.
- **Housing Quality Standards** – is defined as the housing standards established by the U. S. Department of Housing and Urban Development (HUD) for the minimum requirements which dwelling units are expected to meet to ensure the health and safety of residents.
- **HUD – U.S. Department of Housing and Urban Development** – HUD established the regulations and requirements for the program and has oversight responsibilities for the use of CDBG funds.
- **HUD Median Income** – is median family income for a particular county or metropolitan statistical area (MSA), as estimated by the Department of Housing and Urban Development (HUD).



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- **Housing Code** - *The standard housing code adopted by the City/Parish. The Code sets forth the minimum requirements which dwelling units are expected to meet to ensure the health and safety of residents.*
- **Housing Code Enforcement** - *The program within the Parish that is responsible for housing and commercial code enforcement.*
- **Legal Description** – *is a property description recognized by law that is sufficient to locate and identify the property without oral testimony.*
- **Lien** – *is a claim encumbrance, or charge on property for payment of some debt, obligation, or duty.*
- **Lien Release** – *is a document designating that materials and services furnished to a project have been paid.*
- **Lien Waiver** – *is an instrument by which a person or organization who has or may have a right of mechanic's lien or materials lien against the property of another relinquished such right.*
- **LMI – Low and Moderate Income** – *A household/family having an income equal to or less than the Section 9 Low Income limit (*)% of the area median) as established by HUD.*
- **Low Income** – *A household/family having an income equal to or less than the Section 8 very low income limit (50% of the area median income) as established by HUD. This definition is consistent in the CDBG regulations.*
- **Mechanic's or Material lien** – *is a charge put against a project for satisfaction of unpaid debts on work performed or materials supplied.*
- **Minimum Occupancy Standards** - *The number of persons which may reside in a structure. Generally, each bedroom may be occupied by two household members. Children of the same sex may share a bedroom. Children of different sexes under the age of three may share a bedroom. The term of Rehabilitation Assistance may be a factor in determining the number of bedrooms for a household. However, the program reserves the right to require stricter occupancy standards when the size of the family inhibits cost reasonableness. Furthermore, households may not qualify for a larger house than what is warranted under the minimum occupancy standards.*



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- **MBE/WBE - Minority and/or Female owned business** -
 - 1) If the firm is a corporation, such individuals must own at least 51% of each class of voting stock outstanding and 51% of the aggregate of all stock outstanding.
 - 2) If the firm is a partnership, 51% of each class of partnership interest must be owned by socially and economically disadvantaged individuals and be reflected in the firm's partnership agreement.
 - 3) If the firm is a limited liability company, at least 51% of each class or member interest must be owned by socially and economically disadvantaged individuals.
- **Moderate Income** - Families/persons whose annual earnings are **51% - 80%** of the median family income for the Parish SMSA.
- **National Objective(s)** – Refers to the three main goals of the CDBG program – benefit LMI persons, prevent or eliminate slums/blight or meet a need having a particular urgency. All funds expended under the program must go to meet one of the three national objectives.
- **Non-profit organization (abbreviated NPO), also not-for-profit** - is an organization that does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goals. Examples of NPOs include charities (i.e. charitable organizations), trade unions, and public arts organizations. Most governments and government agencies meet this definition, but in some places they are considered a separate type of organization and not counted as NPOs.
- **Notice to Proceed** – is a written communication issued by the owner to the contractor authorizing him to proceed with the work and establishing the date of commencement of the work?
- **Project Manager** – Person(s) responsible for the planning, execution, and closing of any project, typically relating to the construction industry.
- **Rehabilitation** - The repair and improvement of a structure so that it meets local housing codes and HUD's Housing Quality Standards.
- **Recipient** – Refers to eligible localities and other agencies that receive and use CDBG funds under the State of Louisiana CDBG program. Also commonly referred to as applicant or grantee.



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- **Regulations** – Refers to the implementing requirements that are developed and issued by the agency responsible for a certain program or requirement. In the case of CEDBG, the regulations are issued by HUD and can be found at 24 CFR 58.
- **SMSA** - Standard Metropolitan Statistical Area.
- **Section 3** – Refers to Section 3 of the Housing and Urban Development Act of 1968, as amended in 1992, which requires that employment and other economic opportunities generated by certain HUD financial assistance, shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low and very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.
- **Spacious units** – Units must meet minimum square foot requirements as defined by code. Units that meet code requirements and provide a greater square footage for tenants will be considered spacious as compared to other applicants.
- **Subcontractor** - An individual or business that signs a contract to perform part or all of the obligations of another's contract.
- **Subrecipient** – Subrecipients are governmental or private non-profit organizations chosen by the grantee to undertake certain eligible CDBG activities. Water and sewer authorities and non-profit organizations are examples of subrecipients. Subrecipients are also referred to as subgrantees.
- **Survey** – a drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.
- **Right of Ingress or Egress** – the right to enter or leave designated premises.
- **Title** – a legal document evidencing a person's right to or ownership of a property.
- **Title Company** – a company that specializes in examining and insuring titles to real estate.



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- **Title Insurance** – insurance that protects the lender (lender’s policy) or the buyer (owner’s policy) against loss arising from disputes over ownership of a property.
- **Title Search** – a check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.
- **Transfer of Ownership** – any means by which the ownership of a property changes hands. Lenders consider all of the following situations to be a transfer of ownership; the purchase of a property “subject to” the mortgage, the assumption of the mortgage debt by the property purchaser, and any exchange of possession of the property under a land sales contract or any other land trust device.
- **URA – Uniform Relocation Act** – Federal regulation governing the acquisition of real property and the relocation or displacement of persons from federally 0 assisted projects.
- **Workforce Housing** - Satisfying the housing needs of family households earning 50% to 120% of area median
- **Work Write Up** – is a detailed breakdown of the work that is to be performed on a dwelling unit to eliminate emergency conditions or to bring the property up to local housing codes and HUD’s Housing Quality Standards.



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APPENDIX IV

Green Construction

- ___ Provide an easily accessible area that serves the entire project and is dedicated to the collection and storage of non-hazardous materials for recycling, including (at a minimum) paper, corrugated cardboard, glass, plastics and metals. Property is responsible ensuring the proper disposal and removal of the recyclables.
- ___ Install compact florescent light bulbs (CFLs) throughout the project.
- ___ Utilize rapidly renewable floor materials such as bamboo, linoleum, cork or eucalyptus to cover a minimum of 25% of the floor area of each unit. Note: linoleum is not vinyl.
- ___ Install programmable thermostats throughout project. (Note: If a heat pump is installed in the units, a programmable thermostat specifically designed for heat pump systems must be utilized).
- ___ Develop and implement a construction waste management plan that recycles or salvages at least fifty percent (50%) of non-hazardous construction and demolition debris.
- ___ Install tankless water heaters in each unit. (Note: Proper installation requires that the heating unit satisfies demand capacity and the manufacturer's energy requirements be strictly followed).
- ___ Use recycled, salvaged, refurbished or reused materials such that the sum of these materials constitutes at least ten percent (10%) of the total value of materials on the project.
- ___ Use only carpeting which meets the product testing requirements of the Carpet and Rug Institute's Green Label Plus program throughout project. <http://www.carpet-rub.org/about-cri/cri-signature-programs/green-label-plus-carpet.cfm>
- ___ The average flow rate for all lavatory faucets must be ≤ 2.0 gpm.
- ___ The average flow rate for all showers must be ≤ 2.0 gpm.
- ___ The average flow rate for all toilets must be ≤ 1.3 gpf.
- ___ Toilets must be a dual-flush and meet the requirements of ASME A112.19.14.



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- ___ Toilets must meet the U.S. EPA WaterSense specification and be certified and labeled accordingly.
- ___ All domestic hot water piping shall have R-4 insulation. Insulation shall be properly installed on all piping elbows to adequately insulate the 90-degree bend.
- ___ Central hot water manifold trunk no more than 6 feet, insulated to R-4, with no branch line exceeding 20 feet.
- ___ Compact hot water supply line design with no run over 20 feet from water heater.
- ___ Prior to construction, create detailed framing plans or scopes of work and accompanying architectural details for use on the job site. Indicate the specific locations, spacing and sizes of framing members in the floor, walls, roof and ceiling (if different from the roof).
- ___ Prior to construction, create a detailed cut list in lumber order that corresponds directly to the framing plans and/or scopes of work.