

City of Lake Charles CDBG-DR Gap Financing Affordable Housing Program Policies and Procedures

DRAFT: August 30, 2024

1.	Program Overview	7
1.1.	Program Purpose and Objective	7
1.2.	Program Funding and Timeline	8
1.3.	Purpose of Document	8
1.4.	Contact Information.....	9
2.	Roles and Responsibilities.....	9
2.1.	Roles and Responsibilities.....	9
	2.1.1. Grantee	9
	2.1.2. Subrecipient.....	10
	2.1.3. Program Beneficiaries	11
3.	Program Requirements	12
3.1.	Forms of Assistance.....	12
3.2.	Gap Financing Terms.....	12
3.3.	Awards.....	13
3.4.	Award Size and Underwriting	13
4.	Program Requirements	14
4.1.	National Objective	14
4.2.	Deep Affordability and PSH Requirements	14
4.3.	Mixed Income Requirements	14
4.4.	Over-Income Tenants at Recertification	15
4.5.	Eligible Developers	17
4.6.	Ineligible Developers.....	17
4.7.	Eligible Projects	17
4.8.	Ineligible Projects	17
4.9.	Reserve for Replacement Requirements.....	18
4.10.	Site Eligibility	18
4.11.	Eligible Activities.....	18
4.12.	Ineligible Activities	19
4.13.	Tie Back, Mitigation and Resiliency.....	19
4.14.	Duplication of Benefits (DOB)	19
	4.14.1. New Construction – DOB Analysis	20

4.15.	List of Potential Duplicative Benefits	20
4.16.	Declined/Cancelled Loans	21
4.17.	NFIP Insurance	21
4.18.	Subrogation: Post Award Duplication of Benefits	22
5.	Environmental Review	22
5.1.	Prohibition on Choice Limiting Activities Prior to Environmental Review	22
5.2.	Exempt Activities	24
5.3.	Categorically Excluded Activities.....	24
5.4.	Activities Requiring Environmental Assessment	25
6.	Construction Standards	26
6.1.	Green Building Standards	27
6.2.	Broadband Infrastructure	28
6.3.	Accessibility Requirements	28
6.4.	Construction, Elevation, and Flood Insurance Standards	28
7.	Threshold Requirements	29
7.1.	Debarment and Suspension	29
7.2.	Bond and LIHTC Requirements	29
7.3.	Market Study Determined Absorption Rate	30
7.4.	Changes to Project After Award	30
7.5.	Limits on and Ceilings Applicable to Developer Fee	30
7.6.	Payment of Developer Fee	30
7.7.	Completed Projects	30
7.8.	Regulatory Authority and Requirements.....	30
7.9.	Site Development Requirements.....	31
7.10.	Insurance	31
7.11.	Housing Choice Opportunities	31
7.12.	. Uniform Physical Property Condition Standard	31
8.	Underwriting Requirements	31
8.1.	Underwriting Standards and Requirements.....	32
8.2.	Replacement Reserve Deposit Requirements	34
8.3.	Operating Deficit Reserve Requirements	34

8.4.	Lease-Up Reserve Requirements	34
8.5.	Rents	34
8.6.	First Mortgage Sizing	34
8.7.	Permanent Supportive Housing (PSH) Requirements	35
8.8.	Performance Bond	35
8.9.	Occupancy Requirements	36
9.	Project Solicitation, Selection, and Submission	36
10.	Award and Agreement	36
10.1.	Scope of Work and Budget.....	37
10.2.	Developer Agreement.....	37
10.3.	Developer Agreement Amendments	38
10.4.	Performance Period and Measures	38
10.5.	Affordability and Repayment Requirements	38
10.6.	Affordability and Repayment Mechanisms	39
10.7.	Recapture/Resale Provisions	39
10.	Other Cross-Cutting Requirements	39
11.1.	Uniform Relocation Act (URA) and Real Property Acquisition	40
11.2.	Minimizing Land Acquisition/Relocation	40
11.3.	Residential Anti-Displacement	40
11.4.	Davis-Bacon and Related Acts (DBRA) Prevailing Wage Compliance	41
11.5.	Section 3	42
11.6.	Affirmative Marketing Plan	44
11.7.	Affirmatively Furthering Fair Housing	44
11.8.	Equal Employment Opportunity	45
11.9.	Non-Discrimination.....	45
11.10.	Other Civil Rights Requirements.....	45
11.11.	Accessibility, Reasonable Accommodations	46
11.12.	Americans with Disabilities Act	46
11.13.	Minority and Women Owned Business Enterprises (MWBE)	47
11.14.	Personally Identifiable Information and Client Confidentiality.....	47

12. Procurement	48
12.1. Procurement Policy.....	48
13. Construction/Project Management	48
13.1. Before Execution of the CDBG-DR Agreement	48
13.2. Regulatory Compliance, Legal Considerations	49
13.3. Construction Monitoring, Periodic and Final Inspections	49
13.4. Retainage	49
13.5. Change Orders.....	49
13.6. Reporting Requirements	49
14. Monitoring and Compliance	50
14.1. Ongoing Monitoring.....	50
14.2. Development of a Monitoring Plan	51
14.3. Preparing for Monitoring	53
14.4. Conducting the Monitoring	55
14.5. Concerns and Findings, Corrective Actions, and Sanctions	57
15. Financial and Performance Management	58
15.1. Payment Requests/Disbursement of Funds	58
15.2. Financial and Performance Reporting.....	59
15.3. Eligible Costs	60
15.4. Ineligible Costs	60
15.5. Cost Reasonableness and Accountability	61
15.6. Program Income	61
15.7. Timely Expenditure of Funds	62
16. Recordkeeping.....	62
16.1. Administrative Records	64
16.2. Financial Records	65
16.3. Insurance and Property Management	65
16.4. Project/Case Files.....	65
16.5. Record Retention	65
16.6. Access to Records	66
16.7. Providing Technical Assistance	66

17. Closeout	66
18. General Provisions	67
18.1. Extension of Deadlines	67
18.2. Written Notifications	67
18.3. Conflict of Interest	67
18.4. Citizen Participation	68
18.5. Complaints	68
18.6. Fraud, Waste, and Abuse	69
18.7. Related Laws and Regulations	70
19. Acronyms and Definitions.....	70
19.1. Acronyms	70
19.2. Definitions.....	71

1. Program Overview

On March 22, 2022, HUD allocated nearly \$3 billion in CDBG-DR funds appropriated by the Disaster Relief Supplemental Appropriations Act of 2022 for major disasters occurring in 2020 and 2021, including FEMA DR-4606-LA, the May 2021 Floods. This Allocation Announcement Notice identified grant requirements for these funds, including requirements in HUD's CDBG-DR Consolidated Notice Appendix B, and some amendments to the Consolidated Notice that apply to CDBG-DR grants for disasters occurring in 2020 and 2021. The Consolidated Notice, as amended by this Allocation Announcement Notice, includes waivers and alternative requirements, relevant regulatory requirements, the grant award process, criteria for action plan approval, and eligible disaster recovery activities.

This notice also includes a modification to the February 3, 2022, Notice (87 FR 6364) under Public Law 117-43 that announced CDBG-DR grants for disasters occurring in 2020. Under this modification, the City of Lake Charles received a direct allocation of \$10,776,000. The Catalog of Federal Domestic Assistance (CFDA) numbers for the disaster recovery grants under this notice are 14.218 and 14.228. On January 18, 2023, the City was notified of an additional direct HUD allocation in the amount of \$ 7,042,000 through Notice 88 FR 3198 under Public Laws 117-43 and 117-180, meaning the City was awarded a total of \$17,818,000 in direct CDBG-DR and MIT allocation attributable to this specific disaster.

The City entered into a subrecipient agreement with the Louisiana Housing Corporation on June 12, 2024, to assist the Grantee in disbursing City CDBG-DR Funds to three Affordable Housing Developments located in the City. Those developments are identified as Woodring Phase II, Calcasieu Heights, and Capstone.

1.1. Program Purpose and Objective

The purpose of the Gap Program is to fund unmet recovery needs related to flooding events resulting from Louisiana Severe Storms, Tornadoes and Flooding, specifically the new construction or substantial rehabilitation development of multifamily affordable rental housing.

The Gap Program will only provide CDBG-DR gap financing for projects with a funding gap and are eligible under the Louisiana Housing Corporation (LHC), Notice of Funding Availability and Program (NOFA) for Multifamily Piggyback/CDBG-DR Loan Funding 2022 Piggyback Resilience Initiative – Mixed-Income (PRIME 2) and the Louisiana Housing Corporation (LHC) 2022-2023 Qualified Allocation Plan (QAP).

Applicants must utilize CDBG-DR funds with 4% or 9% Low Income Housing Tax Credits (LIHTC) and LHC Multifamily Revenue Bonds.

The Gap Program is subject to the City’s HUD-approved Action Plan for the utilization of Community Development Block Grant – Disaster Recovery (CDBG-DR) funds in response to 2020 and 2021 Federal declarations in Louisiana, as amended.

The Program’s objective is to provide gap financing with CDBG-DR funds to create multifamily rental units by primarily using LHC Tax-Exempt Bonds and equity from the sale of 4% or 9% LIHTCs. All developments funded through the Gap Program are to primarily benefit low- and moderate-income populations. The Gap Program requires housing to feature substantial disaster-resilience characteristics and requires mixed-income housing with 100% LIHTC units averaging affordability at or below 60% AMI.

1.2. Program Funding and Timeline

The City of Lake Charles (the City) has allocated \$4,145,000 in CDBG-DR funding for the Affordable Housing Program for affordable multifamily housing development and/or preservation activities. The funds within this Program will be awarded to applications competitively from eligible applicants through the Louisiana Housing Corporation (LHC), Notice of Funding Availability and Program (NOFA) for Multifamily Piggyback/CDBG-DR Loan Funding 2022 Piggyback Resilience Initiative – Mixed-Income (PRIME 2).

The following table depicts key milestones of program implementation and completion.

Goal	Targeted Completion Date
Complete Staffing and Implementation Plan	1-Jun-24
Board of Directors approval of Subrecipient Agreement	12-Jun-24
Establish dedicated account to receive City CDBG-DR Funds for each Residential Recovery Development in the City	13-Jul-24
Process 1 st requisition of City of CDBG-DR Funds for each Affordable Housing Development in the City	13-Aug-24
Disburse 1 st requisition of City CDBG-DR Funds for each Affordable Housing Development in the City	17-Aug-24
Disburse all funds awarded under this agreement to LHC	31-Dec-25
Confirm all units are leased to LMI households and a National Objective for each property is met.	30-Jun-26
Closeout	30-Jun-29

1.3. Purpose of Document

This document outlines the City's Policies and Procedures for the administration and implementation of the City's CDBG-DR Affordable Housing Program to ensure compliance with all applicable CDBG-DR and related laws, statues, Federal Register Notices, regulations, and other applicable requirements.

All Program activities must comply with the policies hereby stated, and all program staff must adhere to established program procedures and all federal and state laws and regulations in effect, as applicable, in the execution of program activities.

The City reserves the right to modify the policies and procedures established. If an amended version of these policies and procedures is approved, the amended version fully supersedes all other previous versions and should be used as the basis for the evaluation of all situations encountered in the implementation and/or continuance of the Program from the date of its issuance, that is, the date that appears on the cover of these policies and procedures. Each version of the policies and procedures will contain a detailed version control log that outlines any substantive amendment, inclusions and/or changes.

1.4. Contact Information

The City is responsible for ensuring compliance with the City's Policies and Procedures for the administration and implementation of the City's CDBG-DR Affordable Housing Program. To connect with the City regarding these efforts, please contact:

- [Community Development Block Grant - Disaster Recovery \(CDBG-DR\) / Lake Charles, Louisiana \(cityoflakecharles.com\)](#)
- POC: Dena Jourdan
326 Pujon Street, Lake Charles, LA 70601
Email: dena.jourdan@cityoflc.us
Phone: 337-491-1465

2. Roles and Responsibilities

The City of Lake Charles Community Development Department (The City), as the grantee is responsible for developing, administering the City's Action Plan, and providing oversight to the subrecipient agency, LHC, to ensure compliance requirements with respect to its CDBG-DR funds are adhered to.

2.1. Roles and Responsibilities

2.1.1. Grantee

The City of Lake Charles is the grantee and is responsible for the following tasks related to the administration of the City's CDBG-DR Funds awarded to Affordable Housing Development in the City:

- Providing training and technical assistance to LHC, including compliance with City's policies, procedures, and other requirements, including requirements unique to the City's CDBG-DR program as described in applicable Federal Register Notices (FRNs).

- Monitoring and oversight of LHC, including ensuring all findings are resolved, funds expended for eligible purposes, National Objectives are met, and all necessary files remitted and retained prior to close out of this agreement.
- Review and approval of all invoices submitted by LHC for payment
- Ensure Duplication of Benefits review is done and documented if triggered.
- Perform its own underwriting analysis separately and apart from LHC's underwriting analysis.
- Gather Davis-Bacon and related Acts (DBRA) prevailing wage data to report on the semi-annual labor standards report.
- City will obtain Section 3 data from LHC to report Section 3 accomplishments in DRGR including labor hours per project and best faith efforts.
- Gather and submit all required documentation and data needed to report on the quarterly performance reports.
- Ensure staff are available for HUD, HUD OIG, and other monitoring visits or audits.
- Submit all required documentation into the DRGR.

2.1.2. Subrecipient

The city will utilize its sole subrecipient, the Louisiana Housing Corporation (LHC), to help administer and implement the program.

A subrecipient is defined by 2 CFR 200.93 as a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. A developer is a for-profit or private nonprofit entity that the grantee provides CDBG-DR assistance to for the development, acquisition and/or rehabilitation of affordable housing units.

The Louisiana Housing Corporation is the subrecipient and will assume all areas of responsibility for administering the scope of work compliantly, within approved budget, and within the approved timeline.

- Perform Application Reviews
- Perform LIHTC & CDBG-DR Funds Underwriting to determine gap funding needs
- Perform funding disbursement approvals
- Draft City CDBG-DR Funds Program Documents
- Prepares regulatory agreements and UCCs, provides complete transcripts of full financial closings
- Perform site visits to certify construction progress, verifies certificate of occupancy at completion, and perform site visits every three years accordance with LIHTC Regulatory Agreement and City CDBG-DR Documents
- Perform cost certification review
- Perform cross cutting requirements to ensure all requirements are met, including but not limited to, Davis Bacon and Related Acts (DBRA), Section 3 requirements, Fair

Housing and Equal Opportunity (FHEO) requirements, Uniform Relocation Acts (URA), site specific environmental reviews, and other requirements

- Perform periodic Asset management monitoring
- Monitor beneficiary intake, eligibility, income certification (and recertification) and reporting throughout the duration of the affordability period. LHC will report the data to the City.

2.1.3. Program Beneficiaries

Developers

LHC will enter into agreements with developers. This city will not enter into any direct agreements with developers.

Developers are program beneficiaries and thus distinct from subrecipients, grantee employees, and contractors. Developers may receive CDBG-DR funds from either the grantee or a subrecipient. Public Housing Authorities are public agencies and therefore are unable to be a developer. The City may make awards to eligible subrecipients or developers to administer eligible activities. By entering into a written Agreement, the organization agrees to:

- Assume all areas of responsibility for administering the scope of work compliantly, within approved budget, and within the approved timeline. The written Agreement will contain all compliance and key requirements for the performance of the project;
- Actively participate in City-provided technical assistance sessions and regulations scheduled meetings;
- Provide complete reports on time;
- Ensure staff are available for the City, HUD, HUD OIG, and other monitoring visits or audits;
- Recordkeeping;
- Submit all required documentation into the City's system of record, ensuring files are always compliant and updated;
- Maintain local records for post-closeout compliance requirements; and
- Contact the City if they need additional technical assistance to meet all compliance and performance requirements.

Program Beneficiaries

LHC will be responsible for collecting all beneficiary data from the projects covered under the program and reporting to the city at no less than a quarterly basis in a format approved by the city so the city may enter the data in the DRGR system. Responsibilities include but are not limited to performing beneficiary intake, eligibility, income certification (and recertification) and reporting throughout the duration of the affordability period. For the purposes of meeting a national objective, the initial lease up by low/mod households for each project will be counted until each project is 100% leased to low/mod households.

Income Determination Method

LHC will utilize the Section 8 Part 5 annual income determination method for determining the LMI status of households seeking tenancy in the projects covered by this program.

Developers are responsible for rental projects and are required to submit a Rental Housing Project Compliance Report each month in order for LHC to complete its required Quarterly Reporting. The report will document the current rents charged and method used to determine income and LMI status of occupants. Documentation will be placed into the developers file and made available for City's monitoring review.

3. Program Requirements

3.1. Forms of Assistance

- **Repayment.** The Loan is to be repaid in annual installments solely from “Surplus Cash” to the extent Surplus Cash is generated from the operation of the Project. Surplus Cash shall be calculated as of December 31 of each year and the Annual Installment shall be paid to LHC no later than the following July 1. All outstanding indebtedness shall be paid in full on the Maturity Date. The City will require a report from LHC by no later than July 1 disclosing the amount of available surplus cash. If surplus cash is reported, LHC will remit payment to LC within 30 days of the surplus cash report date.
- **Maturity.** The Gap Financing Loan shall mature on the earliest to occur of: (i) sale or refinancing of the Project not permitted under the Loan Documents; (ii) acceleration following an Event of Default under the Loan Documents that is not cured within any applicable grace or cure period; or (iii) thirty-five (35) years from the effective date of the Regulatory Agreement; or (iv) such longer period if the first priority mortgage lien is structured to mature beyond thirty-five (35) years (such date the “Maturity Date”)
- **Security.** The Gap Financing Loan shall be secured by a third priority mortgage lien on the Project.

3.2. Gap Financing Terms

CDBG-DR financing is in the third lien position, with annual payments equal to 50% of annual Surplus Cash. The balance of the Loan is due at maturity. There are no deferrals of amounts due based on the deferred developer fee. Loans become due upon the earlier of:

- Maturity;
- Sale or refinancing of the property; or
- Acceleration as the result of material noncompliance with the terms of the Loan.

Borrowers will be required to submit audited annual financial statements that include a Surplus Cash computation as defined by the LHC PRIME-2 NOFA and as established in the Loan Agreement. Surplus Cash is a balance sheet measurement that subtracts short-term obligations from available cash. If Surplus Cash were positive, it would be distributed in the following order of priority:

- One-half toward the CDBG-DR Gap Financing Loan will be directed to LHC.
- Twenty-five percent will be directed to the City

- Any remaining amount to the borrower (and subject to any agreements between the partners or members).

The CDBG-DR Gap Financing Loan takes precedence over any provisions regarding Surplus Cash in the Borrower’s organizational documents or the 2022-2023 QAP. A submission under the Program acknowledges this legal principle, notwithstanding definitions or understandings regarding what may constitute “surplus cash” in other parties’ agreements.

The following must be paid solely from the Borrower’s share of Surplus Cash: deferred developer fee, any tax credit adjusters, any asset management fees or investor service fees greater than \$5,000 per year in total, any incentive payments to any affiliated entities, and the replenishment of any reserves, if required by any other financial partners. However, normal monthly deposits to the Reserve for Replacements may be paid from operations as if they were operating expenses (ongoing deposits to other reserves, and replenishment deposits to any reserve account, may be made only from Surplus Cash that is distributed to the owner).

The borrower may defer any portion of developer fee; however, the City and/or its Subrecipient will permit to be included in basis only that portion which the developer asserts can be reasonably projected to be recovered from the borrower’s share of Surplus Cash within the first 15 years. Developers may not propose DDF higher than can be recovered under these terms—and must reduce total developer fee in the event the deferral is greater than can be recovered under these terms.

No other subordinate loans may be repaid through the borrower’s share of Surplus Cash, except loans made by an affiliate of the borrower, without (a) disclosure of such proposed arrangements in the application, and (b) the City’s and/or its Subrecipient written consent, which shall be at its sole discretion.

3.3. Awards

The City’s CDBG-DR Funds were awarded in the form of a soft cash flow third mortgage loan payable from Surplus Cash. CDBG-DR Funds will accrue interest at a rate not exceeding the long-term applicable federal rate (AFR) and will be payable from not less than 50% of Surplus Cash. Any deferred developer fees will be paid from the owner’s share of Surplus Cash, not later than the initial fifteen-year compliance period for LIHTCs.

3.4. Award Size and Underwriting

Funding amounts are based on unmet need in the project’s capital stack, rather than setting a maximum award cap which would be more appropriate for a competitive application process. However, all projects will be underwritten, and documentation placed in the project files to show that costs are necessary, reasonable and allocable in accordance with the cost principles of 2 CFR 200, Subpart E, and a duplication of benefits analysis will be completed for each project. The city will perform its own underwriting analysis separately and apart from LHC’s underwriting analysis.

The City reserves the right to award more or less CDBG-DR funding than the amount of funds requested based upon funding availability and review those exceptions on a case-by-case basis. The city will justify why it deemed it necessary and reasonable in accordance with 2 CFR 200 to award more CDBG-DR funding than the amount funds requested. Examples for awarding more funds than requested include reasons such as cost inflation of materials.

4. Program Requirements

4.1. National Objective

The CDBG National Objective for the Affordable Housing Program is Low/Moderate Income Benefit (LMI). More specifically, under the LMI Benefit National Objective, this Program will be identified as a Low/Moderate Income Housing Benefit (LMH) activity. The LMH objective includes activities undertaken which improve or provide permanent residential structures that will be occupied by low/moderate income households.

In order to meet the housing LMI national objective, assisted multi-family housing structures must be at least 51 percent occupied by LMI households. However, for this program, 100% of units covered by the program will be leased to LMI households. Eligible projects may not include market-rate units (i.e., units unrestricted as to rent and initial household income); all residential units must be affordable units (restricted as to rent and initial household income). All projects must select Income Averaging, no fewer than 20% of units must be set aside at 80% AMI.

LHC will require the developer to submit Tenant Selection Plans for review within ninety (90) days following notification of the CDBG-DR award.

4.2. Deep Affordability and PSH Requirements

Eligible projects must meet the following set-aside requirements:

- Eligible projects must set aside no fewer than 5% of units at rents affordable at 20% AMI, and for occupancy by households at or below 30% AMI. Note that this requirement is inclusive of the Permanent Supportive Housing set-aside requirements, below.
- Inclusive of the foregoing and as otherwise required in the QAP, eligible projects must set aside 4% of units as Permanent Supportive Housing (“PSH”) as available under QAP IV.A.1. These units are eligible for PSH Vouchers but must be made available pursuant to the PSH Program requirements without regard to whether a voucher is available. Mandatory PSH Units are strongly preferred to be one-bedroom units.

4.3. Mixed Income Requirements

Properties developed under the program will have units available at a range of incomes and will operate as ‘mixed income’ properties as a result.

The use of the LIHTC Income Averaging ("IA") option is required. All properties must undertake the following scenario: 0% Market units, average affordability of 100% LIHTC units at or below 60% AMI, with no fewer than 20% of units at 80% AMI.

To ensure a range of incomes, the Program requires borrowers to elect 'Income Averaging' pursuant to Section 42(g)(1)(C) of the Internal Revenue Code ("Code"). When electing Income Averaging, the Program further stipulated that (a) no less than 100% of the units must be LIHTC restricted, and (b) the average restriction of restricted units (which may range between 20% and 80% AMI) is at-or-below 60% AMI, and (c) the averaging is based on a range of income levels, which includes at least 20% of units at 80% AMI.

Regardless of the foregoing, the Gap Program will permit an income average lower than 60% AMI.

4.4. Over-Income Tenants at Recertification

LHC will be responsible for completing these requirements throughout the entire duration of the affordability period for each project covered by this program.

Consistent with rules for other funding programs, including the HOME Investment Partnerships (HOME) program at 24 CFR 92.252(h), if, at the time of tenant recertification, the income of a household occupying a Gap Program Assisted Unit exceeds the income level applicable to new tenants for Affordable Units, the Developer may not evict the tenant, and shall instead take the following specific actions to remedy the temporary noncompliance:

- Increase the tenant's rent to the lesser of:
 - 30 percent of adjusted income;
 - the HUD Fair Market Rent applicable to the unit based on unit size and location; or
 - the rent limitations of another leveraged funding source that applies to the Development; and
- If, within the Development, another unit that is not assisted with Gap Program funds becomes available, designate the next available comparable unit as a Gap Program Assisted Unit at the income level originally applicable to the household until the Unit mix required by the Master Standard Agreement is achieved. A Unit shall be deemed "comparable" if it has the same number of bedrooms, the same or similar features, and is similar in size to the original Unit.

Owners must certify at least annually to the LHC that, for the preceding twelve (12) month period:

- The project met the requirements of the 20/50 Set-Aside under Section 42(g)(1)(A), the 40/60 Set-Aside under Section 42(g)(1)(B), or the Average income Test, whichever is applicable to the project;
- There was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;

- The owner has received an annual income certification from each low-income tenant, and documentation to support that certification consistent with paragraph B.1.g. of this section;
- Each low-income unit in the project was rent-restricted under Section 42(g)(2);
- All units in the project were for use by the general public, including the requirement that no finding of discrimination under the Fair Housing Act occurred for the project (meaning an adverse final decision by HUD, a substantially equivalent state or local fair housing agency or federal court);
- The buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project (owners must attach any violation report or notice to its annual certification and state whether the violation has been corrected);
- There was no change in the eligible basis (as defined in Section 42(d)) of any building in the project, or if there was a change, the nature of the change;
- All tenant facilities included in the eligible basis under Section 42(d) of any building in the project were provided on a comparable basis without charge to all tenants in the building;
- If a low-income unit in the building became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;
- If the income of tenants of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and
- An extended low-income housing commitment as described in Section 42(h)(6) was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937;
- All low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) or single room-occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)(iv));
- No tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no tenants had an increase in the gross rent with respect to a low-income unit not otherwise permitted under Section 42; 78 FINAL as of July 14, 2021;
- The ownership entity meets the requirements of the nonprofit set-aside if the project was allocated as such; and no unauthorized changes in ownership or management agent(s) have occurred.

4.5. Eligible Developers

All developers were required to be LIHTC single asset entity limited partnerships, which are for-profit entities. General Partners of these LPs may be for- or non-profit entities. A PHA could participate as General Partner.

4.6. Ineligible Developers

Ineligible developers include the following:

- Any person or entity (or affiliate thereof) on the federal debarred list, or an organization controlled by such person or entity on that list.
- Any person or entity (or affiliate thereof) that received notice that they are currently out of compliance with the City of Lake Charles, LHC and/or Louisiana Office of Community Development (OCD) regarding submission of annual audits and other financial reports, or who are in arrears on payments of LHC loans.
- Any person or entity that currently owns or controls a City of Lake Charles, LHC and/or OCD financed project with outstanding issues of non-compliance that are unresolved for greater than 90 days as of the date of the application submission.

4.7. Eligible Projects

All projects must have been submitted and eligible for the PRIME-2 NOFA, must combine CDBG-DR funds with 4% or 9% LIHTCs, and a bond-financed 1st mortgage. LHC Tax-Exempt Bonds may, but are not required to, finance a permanent first mortgage.

Eligible projects will be New Construction and must meet the FORTIFIED Gold standard, and no award will be made to a Substantial Rehabilitation property which cannot achieve this designation.

4.8. Ineligible Projects

The following properties are Ineligible Projects:

- Properties with less than forty (40) residential units.
- Properties not located in the City of Lake Charles, Louisiana.
- Properties not allowed LIHTCs, pursuant to Section 42(h)(4) of the Code.
- Properties deemed non-feasible or non-viable by LHC, and the city, based on underwriting review.
- Properties failing to submit a complete and fully responsive application for award of funding, or to respond to questions and concerns put forth by the LHC by the deadline imposed by the LHC for such responses when submitting an inquiry to the applicant.
- Properties failing to submit timely and proper fees as required.
- Lease to Own Properties; because of the structure of the CDBG-DR Gap Financing Mortgage, lease-to-own (Year 16) properties were not permitted.

No awards under the Program may be combined with prior awards issued by the LHC without the written consent of both the agencies, requested by the applicant no less than 30 calendar

days prior to the deadline for submissions under the Program, including those which have not yet closed and those which have closed and have not yet been fully funded.

4.9. Reserve for Replacement Requirements

Eligible projects must meet all Reserve for Replacement requirements. The Gap Program requires an initial deposit (from development sources) to the Replacement Reserve Account of \$1,000 per unit and an Annual Deposit to the Replacement Reserve (ADRR) of \$500 per unit. For underwriting purposes, the ADRR shall be inflated 3% between years 1-15, and shall be inflated 2% between years 16 and the Maturity of the CDBG Loan. Requirements will be subject to controls as stipulated in the Legal Documents.

4.10. Site Eligibility

Disaster Resilience of funded projects is partly accomplished through project siting. All of the following rules apply for the siting of these projects:

- The building footprint (for buildings with residential units) may not be located within or partially within the Special Flood Hazard Area (“SFHA”). Parking is not required to be at or above the building elevation requirements.
- The building footprint may be in Zone B or X-Shaded (500-YR); however, all building mechanicals and finished residential floors must be built at elevations of no less than three feet above the higher of (a) the lowest point within the building footprint, or (b) the nearest road centerline.
- Irrespective of FIRM designation, the application must clearly establish whether the proposed building footprint experienced flooding in the 2016 Great Floods; if footprint was flooded, the plan must clearly address how such risks are mitigated, either through elevation above the BFE, floodproofing, or both.
- Irrespective of FIRM designation, the application must identify the flood risk exposure as indicated by the Coastal Protection and Restoration Authority’s Master Plan Data Viewer.
- All siting preferences and prohibitions outlined in the QAP (V.A.11.) apply.

4.11. Eligible Activities

Eligible activities must be undertaken in Lake Charles, Louisiana. In accordance with section II.B.1. of FR-6393-N-01, 42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3) are waived to the extent necessary to permit new housing construction, subject to the following alternative requirement. When a CDBG–DR grantee carries out a new housing construction activity, 24 CFR 570.202 shall apply and shall be read to extend to new construction in addition to rehabilitation assistance.

For the purposes of CDBG-DR funds, multifamily housing is defined as five or more units per structure.

Housing activities eligible within this project may include the following New Construction of Multi-Family Housing (property acquisition, soft costs, and hard costs related to new construction of housing units).

4.12. Ineligible Activities

Ineligible activities are defined in 24 CFR 570.207, and include, but are not limited to, buildings or portions thereof used for conduct of government; general government expenses; political activities; or purchase of equipment.

4.13. Tie Back, Mitigation and Resiliency

Lake Charles experienced four major events within nine months, including Hurricanes Laura and Delta. Prior to those disasters, the City of Lake Charles and surrounding areas had a critically low supply of affordable rental housing. The May 2021 Floods (DR-4606) disaster further exacerbated this issue by indirectly reducing the availability of affordable housing through the loss of housing units caused by the disaster. As a result, the affordability and availability of rental housing stock in the area has become even more limited.

While recovery efforts have continued without interruption since May 17, 2021, many impacts remain unaddressed due to several primary factors. These factors include profound extent and diversity of the damages to housing, infrastructure, and the economy; the unique conditions and vulnerabilities of Lake Charles' residents and businesses; and the limitations of available funding assistance.

All CDBG-DR funded housing development and preservation activities must, at a minimum, incorporate hazard mitigation measures and green building standards into design and construction. The use of alternative, more resilient construction materials and methods is also encouraged. These measures aim to reduce impacts of future disasters and increase long-term affordability of the housing units. Refer to LHC Construction Standards for additional information.

4.14. Duplication of Benefits (DOB)

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he/she has received financial assistance under any other program or from insurance or any other source. Disaster Recovery funds issued through HUD's CDBG-DR program may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose. Subrecipients and Developers are required to disclose all other benefits (cash, in-kind, grants, loans, etc.) received, or which will be received for the proposed project to ensure that federal funds do not duplicate funds received from other sources. They will also sign a subrogation agreement as part of any written Agreement or MOU. As mandated by regulation, all City projects/activities receiving CDBG-DR funding must evidence an analysis of funds potentially received for the same purpose as the intended CDBG-DR award, otherwise known as a Duplication of Benefits (DOB) analysis. All funded projects/activities must

disclose all funding sources, including FEMA awards and private insurance proceeds, to be analyzed.

LHC requires developers to indicate in the application the types, amounts, and purposes of assistance both approved and received to date related to federally declared disasters. The amount of approved assistance will be counted in the duplication of benefits analysis. Sources of assistance will include, but are not limited to, FEMA, SBA, insurance, and other CDBG. Any other assistance received that already covers unmet needs identified under this program will be considered when calculating an award. The program will utilize duplication of benefit (DOB) feeds from OCD and its memorandums of understanding (MOU) between SBA and FEMA to verify the amount received from its federal partners.

Duplication of Benefits prevention is part of the City's Monitoring Procedures located online here: [1715106933_74197.pdf \(cityoflakecharles.com\)](https://www.cityoflakecharles.com/1715106933_74197.pdf) and must follow the City's Duplication of Benefits Policy here: [1715106846_70109.pdf \(cityoflakecharles.com\)](https://www.cityoflakecharles.com/1715106846_70109.pdf).

4.14.1. New Construction – DOB Analysis

With the exception of certain FEMA grants, FEMA, National Flood Insurance Program (NFIP) proceeds, Private Flood Insurance proceeds, and Small Business Administration (SBA) loans are generally NOT considered to be intended for the purpose of new construction of affordable housing and therefore, would not be considered a Duplication of Benefits. This presumption does not eliminate the requirement that all developers of new affordable housing funded under this program must disclose all sources of funding for purposes of DOB analysis. CDBG-DR funds are intended to be the final funding needed to fully support the development budget.

4.15. List of Potential Duplicative Benefits

The subrecipient and the developer must consider the total assistance available. This includes all benefits, including cash, insurance proceeds, grants from FEMA, SBA loans, as well as any other assistance received by the applicant/developer from other local, state, or federal programs, or private or public nonprofit charities. Developer partners with the City should pay special attention to the following potential sources of benefits and confirm that the listed sources of these benefits have been exhausted or may be made available for the project/activity:

- National Flood Insurance Program (NFIP): Insurance proceeds received must be disclosed by the Applicant.
- Private Insurance: All insurance proceeds received must be disclosed by the Applicant. Where necessary, the program will look for “undeclared” insurance benefits as well as confirming those disclosed by the Applicant.
- FEMA: FEMA proceeds received must be disclosed by the Applicant.
- Other: Funds received from other sources must be disclosed by the Applicant and verified by the program. Examples include nonprofits, other governmental agencies, and social groups.

The City and/or its Subrecipient will only use documentation supplied by the Applicant/Developer if source documentation is unable to be obtained. If an Applicant can provide documentation demonstrating that the insurance proceeds amount provided by the FEMA database includes items not covered in the evaluation or not paid to cover structural loss, the City and/or its Subrecipient will use the documentation provided to adjust the insurance payout considered in the DOB analysis. The documentation provided by the Applicant must come from the insurance company that issued the payment(s). For more information on how DOB is calculated, and the documentation required, please refer to the LHC's DOB policy.

4.16. Declined/Cancelled Loans

Declined loans are loan amounts offered by a lender, but turned down by the applicant, meaning the applicant never signed the loan documents to receive a loan disbursement. The Federal Notice on 84 FR 28836 provides that grantees “shall not take into consideration or reduce the amount provided to any applicant for assistance from the grantee where such applicant applied and was approved, but declined assistance related to such major declared disasters that occurred in 2014, 2015, 2016, and 2017, from the Small Business Administration (SBA)”. Therefore, declined subsidized loans, including SBA loans, are not to be included in the DOB calculation. The City and/or its Subrecipient will attempt to verify declined loan amounts using third-party data from SBA. If it cannot be ascertained from the SBA data whether or not the applicant declined the loan, the loan may still be excluded from the DOB calculation if the applicant provides a written certification stating that they did not accept the subsidized loan.

Cancelled loans are loan amounts offered by a lender, accepted by the applicant, but for a variety of reasons, all or portion of the loan amount was not disbursed and is no longer available to the applicant. Undisbursed portions of cancelled SBA loans may be excluded from the calculation of DOB, if it can be documented that the undisbursed portion of an accepted loan is cancelled and no longer available to the applicant. To document that an SBA loan is cancelled, the applicant must provide either: written communication from the lender confirming the loan is cancelled and no longer available to the applicant; or a legally binding agreement between the City and/or its Subrecipient and the applicant that indicates the period of availability of the loan has passed and the applicant agrees to not take actions to reinstate the loan or draw any additional undisbursed loan amounts. In addition, the City and/or its Subrecipient must notify SBA that the applicant has agreed not to take any actions to reinstate the loan or draw additional amounts.

4.17. NFIP Insurance

Payments for loss to dwellings under NFIP insurance policies will be deducted from the grant amount to be awarded. Payments for contents or other expenses are not deducted from the applicant's funding assistance award. The Program will collect NFIP insurance information from the applicant through the application process. In addition, the Program may work directly with NFIP to verify the information provided by the applicant. Insurance proceeds taken by a

mortgage company as a forced-mortgage payoff will not be counted as long as the applicant provides proper documentation. The applicant will need to provide supporting documentation demonstrating that mortgage payment was involuntary, and the City and/or its Subrecipient will verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is a DOB that will be counted in an applicant's award calculation.

4.18. Subrogation: Post Award Duplication of Benefits

All Developers are required to report any additional funds received for project related expenses, including the amount, and when funds were received. If additional funds received are determined to be duplicative, repayment shall be required in accordance with the subrecipient/developer subrogation agreements.

All duplicative assistance received by a developer, or the Subrecipient, must be accounted for and remitted to the City, regardless of when the developer or the Subrecipient receives it.

5. Environmental Review

All federally funded projects must comply with 24 CFR Part 58. The State ensures that any agreement with the developer, owner or sponsor is conditional on completion of the appropriate Environmental Review (ER), in most cases an Environmental Assessment (EA). Upon award of funds, all owners are notified that construction may not begin until the Environmental Review is complete and the State has received a Release of Funds notice from HUD (Form 7015).

The required documentation for the Environmental Review Record includes:

- Designation of Environmental Officer for the State
- Notice to Owner, Developer, Sponsor prohibiting construction work until Review complete
- Completed Environmental Assessment with all supporting documentation
- Proof of publication of Finding of No Significant Impact (FONSI) and Intent to Request Release of Funds (RROF)
- Comments received and responses
- Release of Funds (HUD 7015)
- Proof of flood insurance if project in 100-year floodplain

Prior to executing a written Agreement and finalizing the scope of work and budget, the LHC will complete an environmental review for the proposed activity location. No commitment or expenditure of funds will be made for the activity until the environmental review has been completed and Authorization to Use Grant Funds has been received from HUD, if applicable. A commitment is defined as the execution of a written Agreement or obligation of funds with DRGR.

5.1. Prohibition on Choice Limiting Activities Prior to Environmental Review

The Subrecipient must comply with the limitations in 24 CFR 58.22 even though the Subrecipient is not delegated the requirement under Section 104(g) of the HCD Act for environmental review, decision making, and action (see 24 CFR part 58) and is not delegated the Grantee's responsibilities for initiating the review process under the provisions of 24 CFR Part 52. 24 CFR 58.22 imposes limitations on activities pending clearance, and specifically limits commitments of HUD funds or non-HUD funds by any participant in the development process before completion of the environmental review. A violation of this requirement may result in a prohibition on the use of Federal funds for the activity:

- Air and Water

The Subrecipient shall comply with the following requirements insofar as they apply to the performance of this agreement:

a. Air quality. (1) The Clean Air Act (42 U.S.C. 7401 et. seq.) as amended; particularly section 176(c) and (d) (42 U.S.C. 7506(c) and (d)); and (2) Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency—40 CFR parts 6, 51, and 93).

b. Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq., as amended, including the requirements specified in Section 114 and Section 308 of the Federal Water Pollution Control Act, as amended, and all regulations and guidelines issued thereunder.

- Flood Disaster Protection

The Subrecipient shall comply with the mandatory flood insurance purchase requirements of Section 102 of the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 USC 4012a. Additionally, the Subrecipient shall comply with Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a), which includes a prohibition on the provision of flood disaster assistance, including loan assistance, to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. Section 582 also includes a responsibility to notify property owners of their responsibility to notify transferees about mandatory flood purchase requirements. More information about these requirements is available in the Federal Register notice(s) governing the CDBG-DR award.

- Lead-Based Paint

The Grantee shall follow the Grantee's procedures with respect to CDBG assistance that fulfill the objectives and requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title. These provisions are attached to this agreement as Exhibit K.

- **Historic Preservation**

The Subrecipient shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended, codified in title 54 of the United States Code, and the procedures set forth in 36 CFR part 800 insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty (50) years old or older or that are included on a Federal, state, or local historic property list.

Projects may proceed to secure all Environmental Site Assessment reports prior to award and prior to closing. However, no choice limiting actions, including, but not limited to, physical work or activity, may start until environmental clearance is obtained. All prohibitions regarding 'choice limiting actions' will apply, rendering the award void and applicant ineligible for award. Projects with multiple environmental issues which cannot be addressed timely and cost-effectively will cause the award of CDBG-DR Funds to be canceled.

5.2. Exempt Activities

These are activities which, by their nature, are highly unlikely to have any direct impact on the environment. Accordingly, these activities are not subject to most of the procedural requirements of environmental review. If a project is determined to be exempt, the Program must document in writing that the project is exempt and meets the conditions for exemption spelled in 24 C.F.R. § 58.34. In addition to making the written determination of exemption, the Program must also determine whether any of the requirements of 24 C.F.R. § 58.6 are applicable and address them as appropriate.

5.3. Categorically Excluded Activities

These are activities for which no Environmental Impact Statement or Environmental Assessment and finding of no significant impact under NEPA is required. These activities are divided into those that are subject to related laws and authorities at 24 C.F.R. § 58.5 and those that are not. Examples of categorically excluded activities not subject to related laws and authorities under 24 C.F.R. § 58.5 include: tenant based rental assistance; supportive services; operating costs; economic development activities; activities to assist homebuyers in the purchase of existing dwelling units or units under construction; and affordable housing predevelopment costs with no physical impact. To complete environmental requirements for categorically excluded activities not subject to 24 C.F.R. § 58.5, the Program must make a finding of categorical exclusion and include such finding in the Environmental Review Record. When these kinds of activities are undertaken, a public notice or a request for release of funds is not required. In any case, environmental compliance is required for the items listed in 24 C.F.R. § 58.6.

Examples of categorically excluded activities subject to related laws and authorities under 24 C.F.R. § 58.5 include: acquisition, repair, improvement, reconstruction, or repair of public

facilities; special projects directed toward the removal of material and architectural barriers; and repair of buildings and improvements for residential units and non-residential buildings. The Environmental Review Record for these activities must contain a written determination of the finding of a categorical excluded activity subject to 24 C.F.R. §58.5, including a description of the project, a citation of the applicable subsection of 24 C.F.R. § 58.35(a), and written documentation as to whether there were any circumstances which required compliance with 24 C.F.R. § 58.5 and § 58.6.

The documentation must support the determinations related to compliance, including correspondence with applicable agencies with jurisdiction. Upon completion, there should be one (1) of three (3) environmental findings: (1) the project converts to Exempt (i.e., 24 C.F.R. § 58.34(a)(12)); (2) the project invokes compliance with one (1) or more of the laws and/or authorities and, therefore, requires public notification and approval from HUD; or (3) the unusual circumstances of the project result in a significant environmental impact and, therefore, compliance with NEPA is required. If upon completion it is determined that compliance is required for one (1) or more of the Federal laws and authorities listed in 24 C.F.R. § 58.5, then a public notification known as Notice of Intent to Request Release of Funds must be posted. After a seven (7) day comment period, a Request for Release of Funds and Environmental Certification must be prepared. The Environmental Certification certifies the compliance with all environmental review requirements.

5.4. Activities Requiring Environmental Assessment

These are activities which are neither exempt nor categorically excluded and, therefore, will require an Environmental Assessment documenting compliance with NEPA, HUD, and with the environmental requirements of other applicable federal laws. Once the Environmental Review has been completed and comments, if any, have been appropriately addressed, the project may be found to not constitute an action that significantly affects the quality of the human environment and, therefore, does not require the preparation of an Environmental Impact Statement; or the project constitutes an action that significantly affects the quality of the human environment and, therefore, requires the preparation of an Environmental Impact Statement.

If it is determined that the action does not significantly affect the quality of the environment, then the Program will post a public notice called a Combined/Concurrent Notice of Finding of No Significant Impact (FONSI) and Notice of Intent to Request Release of Funds (NOI/RROF) in accordance with 24 C.F.R. § 58.33. The RROF Environmental Certification must be submitted to HUD no sooner than fifteen (15) days after publishing the combined/concurrent notice (NOI/RROF) and FONSI and HUD will hold the Release of Funds for a fifteen (15) day period to allow for public comment on the RROF. If no comments are received during this time, HUD will send a signed Authorization to Use Grant Funds and the project may proceed.

Procedures:

To process the environmental review for each Project:

1. LHC must submit all Environmental Review Records (ERRs) and request for release of funds (RROF), if applicable, to COLC for review at submission of the Project application (if available) or following conditional Project approval by COLC.
2. Upon receipt, review and approval of a completed ERR, COLC will provide a copy to LHC of the AUGF.
3. Upon receipt of the AUGF or environmental clearance letter and Notice to Proceed, LHC may incur Project costs and drawdown funds.

6. Construction Standards

Procedures:

The City of Lake Charles Community Development Department will ensure that the City's building code standards are met by ensuring that plans and specifications are sent to the City's Permit Center for review. The Permit Center's functions and reviews are outlined on the City's website here: [Permit Center / Lake Charles, Louisiana \(cityoflakecharles.com\)](http://cityoflakecharles.com).

HUD requires that CDBG-DR grantees establish construction standards that include green and resilient standards, elevation standards and the improvement of broadband infrastructure installation whenever possible. All affordable housing construction-related activities must adhere to the standards for the LHC Construction's Gap Program Construction Standards.

In addition to complying with other requirements, including but not limited to, the Louisiana State Uniform Construction Code (LSUCC) and local planning and zoning requirements, the Americans with Disabilities Act, the Fair Housing Act and §504 of the Rehabilitation Act, the following design and construction elements are mandatory; proposed properties will be determined to be ineligible if they fail to incorporate these elements. Developers must request waivers for any Design and Construction Standards which conflict with required or proposed resilience measures herein. The LHC may grant these waivers unless there is a specific rationale for not doing so which outweighs impact of the measure toward the property's disaster resilience. Note that a central element of disaster-resilience is project siting. See §4, Eligible Sites.

As a consequence of these criteria, all properties funded must—at a minimum and in addition to specific siting and elevation requirements—meet the FORTIFIED Multifamily Gold standard, will conduct a multi-hazard risk and vulnerability assessment, provide access to potable water during emergencies, flood-proof buildings, provide emergency power, install back-flow preventers, construct with 'flood-hardy' materials and assemblies and ensure all mechanical systems are elevated. These disaster-resilience measures are required, with waivers provided only as provided above. Participating developments are distinguished from typical multifamily as being significantly more disaster-resilient. Mandatory Enterprise Green Communities criteria are also a requirement of the program. If EGC criteria as proposed in the application has been determined to not have been met or was violated, applicants will be ineligible to receive future CDBG awards for a period of no less than two (2) years and up to five (5) years.

In addition, the tax credits reserved and/or allocated to the project will be subject to rescission and/or recapture. Enterprise will adjudicate whether the required elements have been achieved, and Enterprise will adjudicate whether the EGC criteria have been met. This determination (i.e., the EGC Certification) will be a precondition of the release of retainage of the CDBG funds. Similarly, is it a mandatory requirement that IBHS FORTIFIED Multifamily Gold Certification be. If FORTIFIED Gold criteria has been determined to not have been met or was violated, applicants will be ineligible to receive future CDBG awards for a period of no less than two (2) years and up to five (5) years. In addition, the tax credits reserved and/or allocated to the project will be subject to rescission and/or recapture. IBHS will adjudicate whether the required elements have been achieved, and IBHS will adjudicate whether the EGC criteria have been met. This determination (i.e., IBHS FORTIFIED Multifamily Gold Certification) will be a precondition of the release of retainage of the CDBG funds.

6.1. Green Building Standards

Borrowers were required to meet the Green Building Standard for all new construction of residential buildings and all replacement of substantially damaged residential buildings. Replacement of residential buildings may include rehab in which there are changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

All new construction were required to meet an industry-recognized standard that has achieved certification under at least one of the following programs:

- Enterprise Green Communities,
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development),
- ICC–700 National Green Building Standard,
- EPA Indoor AirPlus (ENERGY STAR a prerequisite),
- Living Building Challenge, or
- Any other equivalent comprehensive green building program acceptable to HUD.

Additionally, all such covered construction must achieve a minimum energy efficiency standard, such as:

- ENERGY STAR (Certified Homes or Multifamily High-Rise);
- DOE Zero Energy Ready Home;
- EarthCraft House, EarthCraft Multifamily;
- Passive House Institute Passive Building or
- EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association;
- Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
- Earth Advantage New Homes; or
- Any other equivalent energy efficiency standard acceptable to HUD.

For rehabilitation, applicants had to follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) are used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment.

6.2. Broadband Infrastructure

HUD requires that any substantial rehabilitation, reconstruction, or new construction of a building with more than 4 units must include installation of broadband infrastructure. LHC will ensure compliance of HUDs broadband design requirements for each housing project.

6.3. Accessibility Requirements

All funded projects were required to meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of Rehabilitation Act of 1973 (29 U.S.C. 794) and covers multifamily dwellings, as defined at 24 CFR 100.201, and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). These requirements are met for the entire affordability period.

6.4. Construction, Elevation, and Flood Insurance Standards

The City and/or its Subrecipient emphasizes proper assessment of damage and classification of the recovery solution to ensure use of high-quality, durable, sustainable, and energy efficient construction methods and materials. Local government has the responsibility for enforcement, interpretation, and regulation and the City and/or its Subrecipient will require quality and code compliance inspections on all projects. The City and/or its Subrecipient will require construction standards set by the International Code Council (I-Code) from which Louisiana's Building Code is based.

Meets IIBHS FORTIFIED Multifamily Gold Standard

The Insurance Institute for Business and Home Safety ("IBHS") FORTIFIED Multifamily Gold Standard is primarily concerned with the application of proven technologies, materials and techniques to reduce the likelihood of damage in severe wind and hurricane events. The Gold standard includes requirements related to the design and installation of roofing systems, specifications related to walls, windows and doors, and techniques to ensure a 'continuous load path' from the roof to the foundation, to better strengthen the property.

The LHC anticipates that there will be an incremental cost to build to this standard. Certification by the IBHS, through its contractor, is required.

Developer “Flood-Hardy” Materials and Assemblies

Developers are required to commit to construction techniques and materials on the lowest residential floor, to a level three feet above the finished floor level, which incorporates both of the following requirements:

- Building materials capable of withstanding direct and prolonged (72 hr.) contact with floodwaters without sustaining significant damage. Refer to FEMA Flood Damage-Resistant Materials Technical Bulletin 2 (2008) or replacement Standard.
- Washable, drainable, dryable assemblies. For examples, see FEMA Wet Floodproofing publication, LaHouse Resource Center website “Flood Recovery” page.

Backflow Preventers

All buildings must have a backflow device on the sanitary line at the point of entry into the building to prevent sewage backflow during a flood.

Unit and Mechanical Elevations

Housing unit finished floor elevations (FFE) and mechanical equipment that services housing units (HVAC, electrical panels, elevator motors, etc.) are above the 500-year flood risk level (if known) or 3 ft. above the Base Flood Level (BFE).

7. Threshold Requirements

7.1. Debarment and Suspension

The LHC will ensure compliance with CDBG regulations regarding debarred or suspended entities at 24 CFR 570.609 and will also check HUD’s Limited Denial of Participation List before awarding contracts, including lower tier subcontracts, including those selected by developers. CDBG funds may not be provided to excluded or disqualified persons.

The LHC must assure that it does not contract with any entity debarred or suspended from federally funded business. Monitoring staff will use the Excluded Parties List System website at <http://epls.arnet.gov> to determine whether developers are suspended or debarred by the Federal Government. All members of the LLC or LP on the development team should be checked against this database. To document compliance with this requirement, LHC maintains a printout from <http://epls.arnet.gov/> indicating that the entity is not on the debarment/suspended list.

LHC verifies debarment and suspension for all contractors and subcontractors via sams.gov. A printout of LHCs findings will be placed into the developers file for City's monitoring review.

7.2. Bond and LIHTC Requirements

All applications were required to combine CDBG-DR with 4% LIHTCs and bond-financed mortgage proceeds or must combine CDBG-DR with previously awarded 9% LIHTCs. Accordingly, all applications were to conform to the standards and requirements related to these funding sources, as enumerated in the 2022-2023 QAP.

7.3. Market Study Determined Absorption Rate

The City and/or its Subrecipient will not fund a project for which the market study indicates the proposed units cannot be effectively absorbed. The City and/or its Subrecipient requires a determination by the market study analyst that the new units can be absorbed at a rate of no less than 15% (i.e., 15% of the units per month, resulting in full occupancy no later than seven months from initial leasing). Applicants had to be reasonably confident that there was market demand for their proposed units, prior to incurring the costs to apply.

7.4. Changes to Project After Award

After a notice of award under the Gap Program, any changes to a project as defined as Material Changes in the 2022-2023 QAP, had to be approved in advance by the City and/or its Subrecipient in writing. The City and/or its Subrecipient will not close on a CDBG-DR Loan in which there have been unapproved Material Changes.

7.5. Limits on and Ceilings Applicable to Developer Fee

2022-2023 QAP §IV.D.14 indicates the developer fees for New Construction projects may not exceed \$35,000 per unit, and Acquisition Rehab projects may not exceed 35% of rehab hard costs. The QAP also indicates that, "...there is no cap for projects utilizing tax-exempt bonds." Projects which were funded under the Program were subject to these limitations; in addition, both 4% and 9% applications were subject to the cap applicable to 9% transactions, which did not permit a developer fee of greater than \$2,500,000 for projects located and the Metro parishes," applicable to Calcasieu Parish."

7.6. Payment of Developer Fee

Thirty percent (30%) of the non-deferred portion of the Developer Fee will be paid out at the Closing. Thirty percent (30%) of the non-deferred portion of the Developer Fee will be paid out when construction is complete. The remaining 40% of the non-deferred portion of the Developer Fee will be disbursed from the final draw subject to conditions outlined in the closing documents.

7.7. Completed Projects

Projects are considered complete only after certificates of occupancy have been issued for all buildings within a project, and the project sponsor has complied with all conditions precedent to the final release of CDBG-DR funds, as stipulated in the legal documents.

7.8. Regulatory Authority and Requirements

All applications and successful awardees under the Program are governed by the 2022-2023 Qualified Allocation Plan, Section 42 of the Internal Revenue Code and 24 CFR Part 570. Modification of federal statutes or regulations governing the CDBG-DR Program by Congress, the Department of Housing and Urban Development (HUD), the state legislature, or the City and/or its Subrecipient may become effective immediately and apply to the activities funded under the Program.

7.9. Site Development Requirements

Construction that is financed by CDBG-DR Funds must meet all applicable State and local building codes along with appropriate zoning ordinances in effect at the time of project completion. See the Site Eligibility section regarding project siting requirements specific to the Program.

7.10. Insurance

Insurance requirements for projects are governed by the State of Louisiana Office of Risk Management Procedures Manual for Insurance Language in Contracts and Indemnification Agreements, Revised February 2018, Exhibit D. The entire procedures manual can be found at the following URL: <https://www.doa.la.gov/media/luqfise1/contract-manual-12-2019.pdf> Additionally, all funded projects are required to carry flood insurance, irrespective of whether other parties require such insurance, and without regard to the siting of the property outside of the SFHA. Projects must carry the lesser of full replacement coverage or the maximum available NFIP insurance on all individual buildings. Sponsors are hereby advised to ensure that costs for these insurance premiums are fully reflected in their proposed operating budgets.

See also Exhibit D from the State of Louisiana Office of Risk Management Procedures Manual for Insurance Language in Contracts and Indemnification Agreements, Revised December 2019. These requirements apply to all funded projects. Note additionally that all projects must carry flood insurance, which may be acquired through the National Flood Insurance Program (NFIP).

7.11. Housing Choice Opportunities

Projects awarded CDBG-DR Funds must comply with Title VI of the Civil Rights Acts of 1964, the Fair Housing Act, Section 504, Executive Order 11063, and HUD regulations issued pursuant thereto so as to promote a greater choice of housing opportunities.

7.12. Uniform Physical Property Condition Standard

Housing that is constructed or rehabilitated with CDBG-DR Funds are required to meet all applicable local codes, rehabilitation standards, zoning, and related ordinances at the time of project completion. If there are no such standards or code requirements, the housing must meet the Uniform Physical Property Condition Standard for the entire affordability period. Uniform Physical Condition Standards (UPCS) means uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas.

8. Underwriting Requirements

Procedures:

- The review and underwriting process for development applications conducted by the COLC review team involves a structured series of steps designed to ensure thorough evaluation and compliance with all program requirements. Here is the policy and procedure language detailing these steps:
- Conduct a preliminary threshold review of the development application to assess its completeness and adherence to the required submission guidelines. This initial step is crucial to ensure that all necessary documents and information are provided before the substantive review begins.
- Examine the development application and all accompanying documents to determine whether the proposed development satisfies the criteria set forth by the COLC Gap Financing Loan Program. This involves a detailed analysis to confirm that the project aligns with the program's objectives and meets its financial and developmental standards.
- Undertake basic underwriting for each project submission. This step involves evaluating the financial feasibility and risk factors associated with the project. Note that the numeric standards specified are to be used as benchmarks. Should the project's financial projections not meet these benchmarks, applicants may submit a waiver request. This request must detail the unique economic conditions of the project that justify the deviation.
- Complete a program checklist to verify that the project file is complete and complies with both threshold and underwriting requirements. Once verified, ensure that the checklist and all corresponding documentation are saved in the project file. This systematic documentation is essential for maintaining records and facilitating any needed reviews or audits.
- If any deficiencies are identified during these reviews, the Louisiana Housing Corporation (LHC) and developers will be notified in writing. This notification allows the project team an opportunity to rectify the issues and resubmit their application. This process ensures transparency and provides multiple opportunities for compliance, thereby enhancing the project's chances for approval.

8.1. Underwriting Standards and Requirements

The underwriting standards and requirements of the QAP, as reflected in the 2022-2023 QAP and the 2022-2023 electronic application model, will apply to projects under the Gap Financing Loan Program.

Prior to making an award, LHC conducts an application review and underwriting analysis to evaluate a Project to ensure that the CDBG-DR investment does not exceed the amount that is necessary to provide quality, affordable housing that will be financially viable for the required affordability period. The underwriting criteria is detailed in the LHC 2022-2023 Qualified Allocation Plan (QAP) and LHC PRIME-2 NOFO.

Generally, this review and analysis includes, but is not limited to:

- Examining the sources and uses of funds for the Project to determine that the costs are reasonable and that the Project will generate sufficient cash flow during the affordability period to satisfy debt and other obligations. Review the assumptions for vacancy rate and annual rent increases to determine if those assumptions are reasonable.
- Performing a cost allocation to determine the minimum number of CDBG-DR assisted units and/or the maximum permissible amount of CDBG-DR investment for the Project, not to exceed 40% of the total Project cost. The HOME per unit subsidy limit published by HCD will be used as the allocation methodology. Scattered Site Projects may exceed 40% of the total Project cost, as long as the per unit subsidy is below the HOME per unit subsidy limit, as published by HCD.
- Confirming that all CDBG-DR funds are used exclusively for the construction of Affordable Units.
- Verifying that there are firm written financial commitments for the Project that, along with the CDBG-DR gap funding would allow the Project to be completed and occupied.
- Analyzing the Project's financial feasibility to meet the required affordability period.
- Evaluating the supplied Market Assessment to verify that there is currently market demand in the community in which the Project will be located. The level of review of the market assessment and LHC's determination of its sufficiency shall account for Project scale and complexity.
- Evaluating the qualifications of the Developer, including experience and financial capacity. Qualified Developers must have completed at least three multifamily developments, at least one of which includes affordable rental units.
- Evaluating the supplied draft supportive services plan for Projects serving Special Needs Populations, including Supportive Housing and/or providing Supportive Services to the general tenant population to ensure inclusion of:
 - A description of the specific population to be served;
 - A description of the specific services to be provided;
 - A description of the evidence-based case management practices that will be employed
 - A preliminary services budget;
 - Funding source(s);
 - Identification of the organization(s) that will provide services;
 - A preliminary staffing plan;
 - Location of services to be provided off site, and a description of public and private transportation options available to access these services, without walking more than one-half mile;
 - Eligibility requirements for the services;
 - A description of how service staff and property management staff will work together to prevent evictions and to implement reasonable accommodation policies for leasing units and ongoing operations, including communication protocols;

- Identification of outcome measures to be collected, and how they will be collected;
- A description of a quality assurance system focused on both processes and outcomes; and
- Other information deemed necessary by the Department to evaluate the proposed services, which may differ by tenant population.

LHC will follow its underwriting policy and procedures to ensure Projects meet the following standards and requirements in the following sections:

8.2. Replacement Reserve Deposit Requirements

All borrowers must make an initial deposit (from development sources) to the Replacement Reserve (IDRR) Account of \$1,000 per unit and an Annual Deposit to the Replacement Reserve (ADRR) of \$500 per unit. For underwriting purposes, the ADRR shall be inflated 3% between years 1-15, and shall be inflated 2% between years 16 and the Maturity of the CDBG Loan.

8.3. Operating Deficit Reserve Requirements

The Program does not impose Operating Deficit reserve requirements but recognizes reasonable establishment of such reserves from development funds, as required by other funding partners. As enumerated in the Legal Documents, any reserves released from the account for purposes other than curing operating deficits as defined in the Loan Agreement must be in the form of a payment against the CDBG Gap Financing Loan.

8.4. Lease-Up Reserve Requirements

The Program does not impose Lease-Up reserve requirements but recognizes reasonable establishment of such reserves from development funds, as proposed by the applicant. All uses of such funds must appear in the audit of the partnership in the year the project is placed in service.

8.5. Rents

AMI-based rents must be underwritten at the lesser of:

The maximum net rent (gross rent less applicable utility allowance) for the set-aside applicable to the unit.

PSH units must be underwritten to the greater of 20% AMI rents, or rental assistance (PBV or PBRA) rents if a contract commitment for such rental assistance is submitted the application. For all properties, 4% of units are required to be set aside as PSH units.

8.6. First Mortgage Sizing

Certain required debt service coverage ratio requirements are governed by QAP §IV.D.2. Note that the QAP requires these standards over the first fifteen years. For purposes of underwriting the CDBG, the Gap Program additionally considers the following:

- The first year DSCR may be no less than 1.15 and no more than 1.20 unless a higher DSCR is required to ensure a DSCR equal to or greater than 1.0 during the term of the 1st.
- The initial DSCR of the permanent 1st may not exceed 1.4 (per the QAP).
- At maturity of the First Mortgage (if shorter than the maturity of the CDBG Loan) the underwriting must model a refinancing of the First Mortgage to establish that at maturity the then-remaining balance can be refinanced with a mortgage at 6% interest, with \$200K in transaction costs, with an amortization no longer than the then-remaining term of the CDBG Loan (such that the First Mortgage resulting from the refinancing fully amortizes in the month in which the CDBG loan matures).
- All CDBG loans will be in Third Lien Position, except and unless there is no hard First Mortgage possible due to the property's inability to support a First Mortgage of greater than \$500,000 which otherwise conforms to the requirements. Properties which cannot support a mortgage of at least this amount should propose that there be no permanent First Mortgage, and in these cases the CDBG loan will be in First Mortgage position at the conversion to permanent financing but will be paid solely through a share of Surplus Cash (SC).
- The QAP (§IV.D.1.) requires inflation trending of revenues at 2% and expenses of the greater of 3% or OCAF. This standard will be applied for the first 15 years of the proforma. For years 16 through the projected maturity of the CDBG loan, revenues will be inflated at 2% and expenses will be inflated at 2.5%.

8.7. Permanent Supportive Housing (PSH) Requirements

Projects must set aside and provide at least 4% of total units for Permanent Supportive Housing ("PSH"). These are referred to as PSH units.

As a result, all properties funded under the Program will have at least 4% PSH which is not supported with PSH Vouchers unless a commitment is obtained by the Borrower prior to the submission of the application.

All properties should endeavor to dedicate accessible units. PSH units will be governed by the terms of the PSH Agreement.

8.8. Performance Bond

Each funded application that receives an award of CDBG-DR Funds under the Gap Program is required to post a payment and performance bond during the period of construction corresponding to the requirements of the LHC Disaster Recovery CDBG Grantee Administrative Manual. The minimum requirements are as follows:

- A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as

required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

8.9. Occupancy Requirements

To be considered an eligible housing activity under CDBG-DR funding, rental housing must be occupied by LMI households. The rent must be considered “affordable” to meet this criterion.

Additional evaluation criteria for COLC to review may include but limited to:

- The application package is complete pursuant to sections above.
- The LHC’s capacity to monitor the proposed Project(s), manage funds, and comply with CDBG-DR requirements.
- The level of Project readiness and ability to meet the occupancy timeline:
 - Completion of HUD and NEPA-compliant Environmental Review Record and adoption or certification of CEQA reviews;
 - Receipt of all necessary land use approvals or entitlements prior to issuance of a building permit, including any required discretionary approvals, such as site plan review or design review.

9. Project Solicitation, Selection, and Submission

Prior to the Severe Floods and Tornado Event of May 2021, the affordable rental housing stock, especially designated for the most vulnerable LMI populations (the elderly, disabled, homeless and transitional), was critically low. With the additional stressors of economic downturn and outmigration as outlined in the City’s CDBG-DR Action Plan, the lack of this affordable rental housing stock has been exacerbated by the May 2021 event. Therefore, the City of Lake Charles is advancing these three housing projects to meet this critical community development need to address this to ensure resilience and mitigate the outmigration of its citizens who would prefer to remain in their community.

The City is dedicated to identifying and funding impactful projects that align with its mission and strategic goal of increasing affordable housing options for qualified residents in the City of Lake Charles. To ensure a transparent and competitive process, the City utilized the competitive application process of the LHC Multifamily Piggyback NOFA and the procedures outlined in the 2022-2023 Qualified Allocation Plan (QAP).

CDBG-DR projects are awarded based on a scored application, verified by LHC, and employing a unique formula specific to PRIME-2. Projects considered for the City's affordable housing gap financing program are assumed to have met the basic eligibility and threshold requirements of PRIME-2 and QAP, are located in Lake Charles, and have a remaining unmet need/funding gap.

10. Award and Agreement

The City of Lake Charles Department of Community Development is the designated lead City agency and “Responsible Entity” with the U.S. Department of Housing and Urban

Development (HUD). The City will coordinate with their internal financial and program auditors to assist and inform the monitoring activities, risks and compliance reporting to HUD and the public. The Department of Community Development is responsible for coordination, support and regular monitoring of other City agencies and subrecipients carrying out CDBG-DR program activities. The City of Lake Charles Department of Community Development will have in place a compliance officer within the Department that will continuously monitor its CDBG-DR subrecipients and will determine the areas to be monitored, the number of monitoring visits, and their frequency based on the Subrecipient's capacity. Compliance monitoring is explained more in detail in the City's Monitoring Plan located on their CDBG-DR website: [1715106933_74197.pdf \(cityoflakecharles.com\)](https://www.cityoflakecharles.com/1715106933_74197.pdf).

10.1. Scope of Work and Budget

The scope of work and budget outlined in the final approved application will serve as the foundation for the initial draft of the written Agreement, subject to any changes required as a result of a final duplication of benefits review or changes post-application.

10.2. Developer Agreement

LHC as Subrecipient has arranged to document and secure the City CDBG-DR Loan using documents identical to those used by LHC to document and secure the LHC CDBG-DR Loans.

LHC as Subrecipient will provide the City as Grantee a complete Closing Transcript evidencing all the documentation of the Full Financial Closing required prior to LHC issuing a Notice to Proceed to the General Construction Contractor for each Affordable Housing Development in the City. Development Sources and Uses Budget and Construction Funding: A Development Budget for each Project will identify all Sources of Funds and all Uses of Funds to complete the construction of each Project. The Sources and Uses must always be in balance throughout the Construction Period.

LHC will fund its portion of each LHC CDBG-DR Loan on a Pari passu basis with other funding sources identified in the Development Budget for each Affordable Housing Development in the City as of the Full Financial Closing Date.

The City agrees to release to LHC portions of the City CDBG-DR Loan at 25% completion milestones. Requisition Form: LHC as Subrecipient will require the use by the Developer of each Affordable Housing Development in the City of a standard requisition form, consistent with the Development Budget, to request funds not more than once from each funding source during the construction period of a Project.

Each monthly requisition must be accompanied by back-up invoices and receipts and AIA Standard Forms G702 and G8703 in support of construction reimbursements to the General Contractor

The City reserves the right to cancel all or a portion of the City CDBG-DR Funds Grant Award if sufficient progress is not being made toward completion of an Affordable Housing Development in the City. If the following timeliness standards are not met, funds may be subject to de-obligation and recapture by the Grantee:

- Clearance of all City CDBG-DR Funds Grant Award conditions within six (6) months of City CDBG-DR Funds Grant Award;
- Start of construction activities no later than one month after City CDBG-DR Funds Grant Award; and
- Draw down of all City CDBG-DR Funds Grant Award within twenty-four months of City CDBG-DR Funds Grant Award.

In addition, the City CDBG-DR Funds Grant Award may be canceled at any time if it becomes apparent to the Grantee that the Subrecipient has not initiated the administrative activities necessary to allow the Affordable Housing Development in the City to proceed.

10.3. Developer Agreement Amendments

Amendments to Developer Agreements may be requested by the developer. The City and/or its Subrecipient may approve amendments, which do not substantially change the original scope of service and statement of work.

10.4. Performance Period and Measures

The expected outcome of each award is that the development will create or preserve affordable multifamily housing units, in compliance with all program and HUD requirements. The number of units for each award will be specified in the scope of work and monitored by the LHC throughout the project. The developer will be required to provide access to tenant income documentation and leases to confirm that constructed units are occupied by income qualified tenants and being rented at an affordable rate.

Developers will also be required to report on the demographic characteristics of tenants.

The performance period and measures for all approved activities will be defined in the written Agreement, MOU, and/or project file, as applicable. The LHC may approve an extension to the period of performance, contingent on overall grant timeline and HUD approval if the Developer demonstrates reasonable justification.

10.5. Affordability and Repayment Requirements

To meet the Low/Moderate Income Housing (LMH) national objective, rental housing assisted with CDBG-DR funds must be rented to low- and moderate-income (LMI) households with incomes at or below 80% of the Area Median Income (AMI) for the Lake Charles, LA Metropolitan Statistical Areas (MSA) at affordable rents. Affordability periods must be enforceable and imposed by recorded restrictive covenants, deed restrictions or other similar mechanisms.

CDBG-DR affordability restrictions enforced through a recorded Restrictive Covenant or Deed Restriction on the property, in addition to a mortgage and note securing the loan, regulatory agreement and loan agreement.

As outlined in FR-6303-N-01, for activities that will construct five or more units, in addition to other applicable criteria in 24 CFR 570.208(a)(3) and 570.483(b)(3), in its action plan, a grantee must define the affordability standards, including “affordable rents,” the enforcement mechanisms, and applicable timeframes, that will apply to the new construction of affordable rental housing, i.e., when the activity will result in construction of five or more units, the affordability requirements described in the action plan apply to the units that will be occupied by LMI households. The minimum timeframes and other related requirements acceptable for compliance with this alternative requirement are the HOME Investment Partnerships Program (HOME) requirements at 24 CFR 92.252(e), including the table listing the affordability periods at the end of 24 CFR 92.252(e). Therefore, the grantee must adopt and implement enforceable affordability standards that comply with or exceed requirements at 24 CFR 92.252(e)(1) for the new construction of affordable rental housing in structures containing five or more units.

The City’s CDBG-DR Action Plan reads, “At a minimum, the affordability period will be in compliance with HOME Investment Partnerships Program (HOME) requirements at 24 CFR 92.252(e). “ The affordability period for new construction of five or more rental units in 24 CFR 92.252(e) is 20 years.

The City has adopted the affordability period of 35 years aligned with requirements under the PRIME-2 NOFO for activities funded under this program.

10.6. Affordability and Repayment Mechanisms

The City will secure funds provided for the development or preservation of affordable housing through a mortgage and note. LHC will ensure compliance with affordability period requirements in applicable Federal Register Notices (FRNs).

10.7. Recapture/Resale Provisions

CDBG-DR funds will be provided to Developers in the form of a loan and will be subject to the recapture/resale provisions therein. The City and LHC will ensure that for the duration of the affordability period, the CDBG-DR assisted units will only be purchased by an entity that will ensure that the original or new extended affordability clause is complied with, and that it will not violate the original restrictive affordability uses and period.

Recapture provisions will ensure that the City and/or its Subrecipient recoups all or a portion of the project during the period of affordability. The recapture requirement would be triggered by a sale (voluntary or involuntary) of the assisted project. The amount recaptured cannot exceed the net proceeds. The net proceeds are the sales price minus superior loan repayment (other than CDBG-DR funds). Other options which the City and/or its Subrecipient may consider can be assessed at 24 CFR Part 92.254.

10. Other Cross-Cutting Requirements

Unless otherwise mentioned, LHC will be responsible for performing all tasks associated with the crosscutting requirements listed below.

11.1. Uniform Relocation Act (URA) and Real Property Acquisition

If CDBG-DR Funds were proposed to pay for acquisition costs and activities, the borrower had to follow the procedures of the Uniform Relocation and Real Property Acquisition Act to acquire the project site. The procedures were to be followed prior to the site acquisition. CDBG-DR Funds could not be used to pay or reimburse a borrower for site acquisition activities that do not comply with the requirements of the Uniform Act. In no case will CDBG-DR be used to pay for URA-related costs; other sources must be applied to these costs.

11.2. Minimizing Land Acquisition/Relocation

If acquisition and/or relocation is required, the City and/or its Subrecipient will require Developers to make every effort to minimize displacement of families from their home and/or neighborhood, according to the state's Residential Anti-displacement and Relocation Assistance Plan. Additionally, compliance with Federal Acquisition and Relocation laws will be required.

Projects shall be designed with the established community in mind to lessen the displacement of families and must commit to the affordability established in these program guidelines. Subrecipients helping to administer multifamily housing Projects may either follow the state's Residential Anti-displacement and Relocation Assistance Plan (RARAP) to minimize displacement or develop its own plan with City and public approval. Developers must comply with all applicable federal, state, and local relocation law. Pursuant to relocation law, a Developer must have a relocation plan prior to proceeding with any phase of a project or other activity that will result in the displacement of persons, businesses, or farm operations.

If applicable, to ensure that displaced persons and entities do not suffer a disproportionate impact as a result of projects which benefit the public, all notices to vacate and relocation services must be provided to them in accordance with applicable law. In addition, before the CDBG-DR funds will be disbursed, the approved project must have either:

- City and/or its Subrecipient -approved relocation plan; or,
- If the property is vacant, a self-certification of non-displacement.

Where the Developer's activities will or may result in displacement, the Developer's development budget shall include enough funds to pay all costs of relocation benefits and assistance. Any modifications to the foregoing process requirements must be approved in advance by the City and/or its Subrecipient, in writing.

11.3. Residential Anti-Displacement

Developers must adopt the City's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) or adopt a local RARAP that meets the requirements established by the City and/or its Subrecipient. Developers or contractors must also provide the following benefits to households or businesses that they displace:

- Relocation advisory services;

- A minimum of 90-day notice to vacate;
- Reimbursement for moving expenses; and
- Payments for added cost of renting or purchasing comparable replacement housing.

Additional information and instructions can be found in the City’s Residential Anti-Displacement and Relocation Assistance Plan (RARAP).

11.4. Davis-Bacon and Related Acts (DBRA) Prevailing Wage Compliance

If CDBG-DR Funds were awarded for rehabilitation, renovation, or new construction the project budget costs were based on the prevailing wage residential rates. The City assures that the construction contract and related sub-contracts include requirements for compliance with the federal rules governing labor practices. Davis-Bacon Labor standards require that workers be paid "prevailing wages" as determined by the U.S. Department of Labor. The Copeland Anti-Kickback Act sets standards for payroll rights of workers. The Fair Labor Standards Act sets standards for working conditions and requires overtime pay.

HUD funded housing construction projects consisting of properties with **eight (8) or more residential units** are subject to Davis-Bacon regulations and applies to contractors and subcontractors carrying out federally funded or assisted contracts in excess of \$2,000 for corresponding work on similar projects in the area. Other related acts that could apply include:

- Contract Work Hours and Safety Standards Act- For prime contracts in excess of \$100,000, contractors and subcontractors must also pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week.
- The Hatch Act- A federal law passed in 1939, limits certain political activities of federal employees, as well as some state, D.C., and local government employees who work in connection with federally funded programs. The law’s purposes are to ensure that federal programs are administered in a nonpartisan fashion, to protect federal employees from political coercion in the workplace, and to ensure that federal employees are advanced based on merit and not based on political affiliation.
- Copeland “Anti-Kickback” Act- requires that workers be paid weekly, that deductions from workers’ pay be permissible, and that contractors maintain and submit weekly payrolls.

Additionally, the City, its subrecipients, developers, and contractors must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. The LHC will monitor to ensure that its CDBG-DR program and services are in compliance with DBRA through the submission of certified payroll records and interviews of prime and subcontractor laborers. The LHC will track, review, and monitor weekly payroll submissions by contractors. The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR

funds finance only a portion of the project. Excluding the exceptions listed below, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under the City's CDBG-DR program, must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. In some cases, Louisiana Prevailing Wages and Davis-Bacon Prevailing Wages both apply. In such instances, the higher of the two prevails. Exceptions to FLSA include:

- Construction contracts of \$2,000 or less;
- Real property acquisition;
- Architectural and engineering fees;
- Other services (such as legal, accounting, construction management);
- Other non-construction items (such as furniture, business licenses, real estate taxes);
- Rehabilitation of residential property designed for fewer than eight families; and
- Debris removal, demolition, and/or clearance activities, unless related to construction (demolition and clearance as independent functions are not considered construction).

Certified payrolls are submitted by Developers on a weekly basis through the Electronic Payroll system/ Labor Compliance Payroll tracker and are reviewed by LHC on a monthly basis. Any deficiencies noted by LHC are emailed to and addressed by developers and later cleared by LHC. The LHC will provide Davis Bacon reports to the City on a quarterly basis for City's review. City will review the quarterly reports to ensure compliance is adhered to and deficiencies notes were satisfied.

11.5. Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that, to the greatest extent feasible, opportunities for training and employment arising from the use of federal funds will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contracts for work of all types to be performed in connection with CDBG are awarded to business concerns that are located in or owned by persons residing in the program service area.

Monitors assure that the contractor advertises available jobs and subcontracts in the service area and provides reasonable access to local entities to participate in the project.

The required documentation includes:

- Proof of local advertising
- Report of performance indicating persons and firms interviewed and employed

Section 3 requirements apply to all CDBG-DR funded housing rehabilitation, reconstruction, elevation or new construction and any other public construction project that has a total project cost of \$200,000 or more. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management,

and financing. Section 3 applies to the entire project even when the CDBG-DR funds are only a portion of the total funding. In accordance with 24 CFR 75.3(b), Section 3 requirements do not apply to material supply contracts.

The LHC shall ensure compliance with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u, and its regulations at 24 CFR part 75. All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

- a. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- b. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implements section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- c. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- d. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- e. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

- f. Noncompliance with HUD’s regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- g. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

On a quarterly basis or as requested, LHC will provide Section 3 reports for each project to the City for review. The reports will include deficiency notifications and clearances if applicable. The city will review the quarterly reports to ensure compliance is adhered to and deficiencies noted were satisfied.

11.6. Affirmative Marketing Plan

Developers advertise Projects and units to fill vacant units or to develop a waiting list of interested applicants for the subsidized housing. Gap Program applications must include an Affirmative Marketing Plan developed using the Affirmative Fair Housing Marketing Plan Form HUD-935.2A. Affirmative Marketing involves special outreach and advertising efforts designed to communicate the availability of Gap Program assisted housing to those groups or individuals who might otherwise be unlikely to apply. Those groups are identified through analysis of local housing market area demographics using statistics readily available from the U.S. Census Bureau and determining appropriate advertising and outreach efforts to be followed by Developers to reach out to those least likely to apply for the housing opportunity. Affirmative marketing efforts must begin at least 90 days prior to initial or renewed occupancy for new construction and Substantial Rehabilitation Projects, respectively. The City has determined that in addition to the required demographic analysis, individuals and families that were impacted by the disasters, low-income immigrants, persons with limited English proficiency, and Section 8 Housing Choice Voucher holders are least likely to apply. Examples of renters impacted by the disasters include renters that have lost rental units or have been displaced due to the impacts of 4606-DR-LA.

11.7. Affirmatively Furthering Fair Housing

Affordable multi-family housing development and preservation efforts undertaken by the City and/or its subrecipient or developers are required to affirmatively furthering fair housing through consideration of the following efforts:

Outreach and communication efforts to encourage meaningful engagement of members of protected classes and vulnerable populations in the planning and development process;

Providing marketing and outreach efforts that reduce barriers to the provision of services, including materials reflective of the City's diverse population, documents translated into Spanish and Haitian-Creole, Asian, Other Indo-European targeting outreach and marketing to Racially and Ethnically Concentrated Areas of Poverty (RECAPs) or other historically underserved areas;

- Design and implement equitable policies and procedures for the rental or sale of any funded properties (subrecipients and developers are required to provide tenant selection policies);
- Provide reports demonstrating the provision of assistance to diverse populations (subrecipients/developers must gather race and ethnicity data for all beneficiaries); and legally sufficient justification for any practice that may predictably result in a disparate impact on a group of persons or creates, increases, reinforces, or perpetuates segregated housing patterns because of race, color, religion, sex, handicap, familial status, or national origin;
- Demonstration the activity will not have an unjustified discriminatory effect on or failure to benefit racial and ethnic minorities in proportion to their community needs, particularly in racially and ethnically concentrated areas of poverty; For additional information see the City's AFFH policy.

11.8. Equal Employment Opportunity

Executive Order 11246, Equal Employment Opportunity prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin. The Executive Order also requires government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment. The Subrecipient will ensure Developer meets compliance requirements for executing certification for EO11246.

11.9. Non-Discrimination

The Sponsor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Sponsor agrees not to discriminate in its employment practices and will render services under this Contract without discrimination on the basis of applicable protected classes.

11.10. Other Civil Rights Requirements

All departments and offices reporting to the City of Lake Charles, their contractors and subcontractors, subrecipients, developers, and other agents who receive federal or state financial assistance for their programs and services must comply with Title VI of the Civil

Rights Act of 1964, 42 U.S.C. 2000(d) et seq.; Executive Order 13166; and the U.S. Department of Labor Revised Guidance Regarding the Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons. This statement of policy and the City's Language Access Plan (LAP) provide a framework for the provision of timely and reasonable language assistance to persons with LEP who encounter all City programs. Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and related federal and state laws and regulations forbid discrimination against those who require accommodation to access facilities, services, and programs. Furthermore, these laws require subrecipients to take affirmative steps to reasonably accommodate ADA qualified individuals and ensure that their needs are equitably represented in programs, services, and activities, including in disaster recovery, resiliency, and mitigation. For additional information, see the City's full LAP.

11.11. Accessibility, Reasonable Accommodations

City and/or its Subrecipient will monitor developer partners to ensure accessibility to persons with special needs and will operate in a manner that does not discriminate or limit access to Program services and benefits to persons with disabilities. Additionally, to ensure that the Program is operating in compliance with Section 504 requirements of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA).

Developers will be required to adopt their own Section 504 Compliance Plan or adopt the City's, and will assign staff in accordance with its Section 504 Compliance Plan who will:

- Ensure that all facilities where clients will have face-to-face interaction with Program staff are readily accessible and usable by persons with disabilities;
- Appropriately address any identified hearing, visibility, or mobility limitations of Program recipients;
- Work with disabled Program recipients and/or their designee, who has power of attorney or any non-profit organization that is representing the Program recipient, as needed. 24 Updated and Version: February 19, 2024; 2.0 SOP: Hurricane Ian CDBG-DR Affordable Multi-Family Housing Development Programs
- All services listed above can be provided upon verbal or written request from the Program recipient. No additional documentation is required.

In addition, the City and its Subrecipient and developer partners under this Program will comply with Section 508 requirements regarding the accessibility to electronic and information technology for individuals with disabilities (<https://www.section508.gov/>). The City's management assists with ensuring that all public communications, including its City website, meet Section 508 requirements. Subrecipients/Developers will ensure that any program related application documents and marketing materials are available on the subrecipient's website and in compliance with Section 508 requirements.

11.12. Americans with Disabilities Act

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services,

public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications devices for the deaf (TDD/telephone relay services). The City and its Subrecipient takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by the City, and that all services are delivered in the most integrated manner possible. Qualified persons with disabilities are informed of the availability of program services and activities, and the City's programs or services are readily accessible to, and usable by, individuals with disabilities. The City and its Subrecipient also ensures that reasonable modifications or changes to policies, practices, or procedures are made to guarantee people with disabilities equal access. Subrecipients/Developers are required to develop an ADA policy or adopt the City's. Subrecipients/Developers are required to demonstrate compliance with the ADA through the provision of reasonable accommodations to ensure that housing units are accessible and useable by persons with disabilities. For more information, see the City's ADA Policy.

11.13. Minority and Women Owned Business Enterprises (MWBE)

2 C.F.R. § 200.321 requires the non-Federal entity to take necessary steps to ensure that all recipients, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with CDBG-DR financial assistance ensure that, when possible, contracts and other economic opportunities are directed to minority business enterprises (MBE), women-owned business enterprises (WBE), together M/WBE and labor surplus area firms. This section highlights some of the key areas for this area of regulation. The City has provided a full policy guide for M/WBE implementation and is made available on the City's website. This section does not replace the guidance provided in the policy guide. Minority Business Enterprise (MBE) means a business enterprise that is at least fifty-one percent (51%) owned and controlled by one or more minority or socially and economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or other similar causes. Women's Business Enterprise (WBE) is an independent business concern that is at least fifty-one percent (51%) owned and controlled by one or more women who are U.S. citizens or Legal Resident Aliens; whose business formation and principal place of business are in the U.S. or its territories; and whose management and daily operation is controlled by a woman with industry expertise. Compliance is ensured by requiring, as applicable, subrecipients, program partners and contractors to make best efforts to achieve an overall M/WBE participation goal of twenty percent (20%) of the entire contract value consisting of ten percent (10%) for MBE and ten percent (10%) for WBE. If, after making good faith efforts, a subrecipient is unable to meet M/WBE goals, subrecipients may submit a request for a M/WBE Waiver for their overall goal. The request must set forth the reasons for the inability to meet any or all of the participation requirements together with an explanation of the good faith efforts undertaken.

The LHC shall take the affirmative steps listed in 2 CFR 200.321(b)(1) through (5) to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible, when the Subrecipient procures property or services.

11.14. Personally Identifiable Information and Client Confidentiality

The City and Subrecipients/Developers must take reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or the City designates as sensitive or that the subrecipient considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality.

The LHC will maintain data demonstrating client eligibility for activities provided under the City's Gap Program. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided. The Subrecipient must comply with the Grantee's Procedures to Protect Personally Identifiable Information (PII) for the CDBG-DR Program

12. Procurement

12.1. Procurement Policy

The City does not plan to utilize CDBG-DR funds for costs subject to procurement requirements since all costs incurred under the program will be incurred by LHC, its subrecipients, and LHC's developers. The City and its Subrecipient will comply with the procurement standards at 2 CFR 200.317 – 327 for all procurement actions should the City and/or its Subrecipient ultimately utilize CDBG-DR funds for costs subject to procurement requirements under the program and update these Policies and Procedures accordingly.

13. Construction/Project Management

LHC will ensure Multifamily affordable housing projects funded with the City's CDBG-DR grant will adhere to the requirements set by the City to ensure compliance with requirements of the City's policy and procedures, as well as any applicable requirements within the federal register notice. Program implementation, regular monitoring and oversight will be conducted by the City and/or its Subrecipient throughout the application process, including pre-award agreements, construction administration, post-construction and occupancy and project closeout.

LHC is responsible for certifying construction progress for payment to General Contractor during construction, completion of each Affordable Housing Developments as designated by the City and verify certificates of occupancy at completion, and conduct site visits every three years in accordance with LIHTC Regulatory Agreement and City CDBG-DR Documents.

- Construction Phase: LHC will submit to the City copies of all monthly Project Requisitions for each Project along with copies of all back-up invoices and receipts, including on-site inspection reports.
- Operational Phase: LHC will submit to the City copies of all desk audits for each Project along with any site inspection reports.

13.1. Before Execution of the CDBG-DR Agreement

Before the execution of the CDBG-DR agreement, LHC is responsible for reviewing applications for completeness, conducting LIHTC & CDBG-DR underwriting to determine gap funding needs, performing CDBG-DR funds subsidy layering reviews to assure that Sources

and Uses in Development Budget are in balance and not more than needed for feasibility and viability of Affordable Housing Developments.

13.2. Regulatory Compliance, Legal Considerations

The LHC shall comply with the Action Plan for CDBG Disaster Recovery for the City of Lake Charles, and all applicable federal, state and local laws, regulations, and ordinances for making procurements established under the SRA agreement between Grantee and Subrecipient.

13.3. Construction Monitoring, Periodic and Final Inspections

The LHC will conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a selected sample of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and At least once every three (3) years, the LHC will conduct on-site inspections of all buildings in the project and, for a selected sample of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units. These inspections and reviews will be conducted based on policies and procedures set forth in the "Louisiana Housing Corporation LIHTC Compliance Manual".

The LHC will randomly select low-income units and tenant records to be inspected and reviewed.

13.4. Retainage

Prior to the release of retainage, the LHC will require the developers to submit the Enterprise Green Certification and IBHS Fortified Multifamily Gold certification.

13.5. Change Orders

The LHC will conduct periodic on-site inspections during the course of construction.

Developers will be required to submit the following:

- Notice to proceed
- Monthly application for payment certified by the Design Professional and/or project manager, and the Developer.
- A copy of all change orders submitted with monthly applications for payment.

13.6. Reporting Requirements

Developers are required to report to the LHC documentation related to the demographics of tenants upon initial leasing of each unit in the development on a quarterly basis. The City and/or its Subrecipient provides a reporting form for this purpose, which developers utilize to document any units leased during each quarter. This report is due by the 10th of the month following the quarter during which the unit was leased.

14. Monitoring and Compliance

Monitoring activities for all Subrecipients, Developers, and City departments occur on a daily, monthly, quarterly, and annual basis to inspect, review and report on the entity's compliance with the terms and conditions of the written Agreement, program policies, and to ensure satisfactory performance.

The overarching goal of monitoring is to determine compliance, prevent/identify deficiencies, and design corrective actions to improve or reinforce agreement performance. As part of this process, staff should be alert for fraud, waste and mismanagement or situations with potential for such abuse. Where possible, any identified deficiencies in need of corrective action should be handled through discussion, negotiation, or technical assistance in a manner that maximizes cooperation and compliance. Monitoring also provides opportunities to identify program participant accomplishments as well as successful management, implementation and evaluation techniques that could be replicated by other funding recipients.

The frequency at which the City will monitor its Subrecipient will be included in a monitoring work plan which is informed by the risk assessment. The City may adjust the monitoring work plan due to various factors, such as:

- Activity risk
- Any fiscal-related concerns, discrepancies, or invoicing/drawdown activity
- Concern(s) for timely activity completion
- Significant changes to the project or project staff
- Other compliance-related issues

The City and/or its Subrecipients are responsible for monitoring Developers, their contractors, and vendors to ensure compliance with the terms and conditions of the contract.

Results of monitoring reviews may require corrective action by the subrecipient/developer or contracted vendor. A monitoring report will be issued which outlines findings, concerns, and/or observations and identifies corrective actions to be carried out to remedy identified deficiencies.

14.1. Ongoing Monitoring

The subrecipient shall be responsible for ensuring all management functions of the multifamily housing development including construction, rehabilitation, maintenance, selection of the tenants, annual recertification of household income and size, and managing the units in accordance with program requirements.

The subrecipient shall be responsible for ensuring all repair and maintenance functions of the developers multifamily housing development, including ordinary maintenance and replacement of capital items are completed within program requirements. The subrecipient shall be responsible for ensuring all maintenance of residential units, commercial space, and

common areas are in accordance with local health, building, and housing codes, and the management plan. The cost of ongoing maintenance is ineligible under CDBG-DR regulations.

The developer shall ensure that the assisted affordable housing project is managed by an entity that is actively in the business of managing affordable housing. Any management contract entered into for this purpose shall be subject to the City and/or its Subrecipient approval and contain a provision allowing the termination of contract upon 30 days' notice.

For additional information on the City's monitoring plan, see the City's CDBG-DR Monitoring and Compliance Manual located online here: [1715106933_74197.pdf \(cityoflakecharles.com\)](#).

14.2. Development of a Monitoring Plan

Develop a monitoring plan at the beginning of the program year.

- Identify the monitoring needs of LHC.
- Develop a monitoring strategy.
- Establish a monitoring schedule.
- Create a monitoring checklist and workbook.

Identify the Monitoring Needs of LHC

The City will conduct a risk assessment of LHC to determine its technical assistance needs, how often to monitor the agency, and how to structure monitoring activities.

The City will determine if LHC will require limited or in-depth monitoring, but will evaluate LHC's performance, regardless of the results of the risk assessment.

More frequent or comprehensive monitoring is appropriate if LHC is:

- New to the CDBG-DR program,
- Has experienced a turnover in key staff positions or a change in goals or direction,
- Has previous compliance or performance problems,
- Is carrying out high-risk activities (such as economic development), and/or
- Is undertaking multiple CDBG-DR activities for the first time.

A more narrowly focused monitoring approach may be appropriate, and could include a review of:

- Aspects of LHC's operations affected by changes in regulations or clarifications of regulations issued by HUD,
- New activities LHC is undertaking, and/or
- Operational changes recommended in prior monitoring visits.

Periodic comprehensive monitoring of LHC will help address identified problems that may come up while reinforcing the importance of complying with federal regulations.

Develop a Monitoring Strategy

Determine the best method to monitor LHC and provide needed technical assistance and training.

Effective monitoring strategies include:

- **Remote review of LHC documents.** A review of documents and other materials to verify compliance with federal rules and regulations.
- **Pre-monitoring.** An informal discussion of the monitoring process and potential areas of noncompliance. May include technical assistance or training.
- **Monitoring.** A formal monitoring visit—held remotely or on-site—to evaluate program compliance. May include interviews, inspections, and document review.

Establish a Monitoring Schedule

The City’s monitoring plan will specify when the City will monitor LHC.

Subrecipients undertaking a new program activity will benefit from a monitoring—or technical assistance—conducted early in the program year. The detection and resolution of issues before they become problems will help prevent monitoring findings at the end of the program year.

The City will defer monitoring interactions related to activities that require a long time to unfold until later in the program year. The City will not initiate monitoring before there is anything of substance to monitor.

Monitoring is not just a one-time event. It is an ongoing process that will require continuous planning, implementation, communication, and follow-up with LHC throughout the Program Year.

Creation of a Monitoring Checklist and Workbook

- A monitoring checklist will ensure that the correct items for the activity area in question are examined. The list will vary depending on the activity area being monitored. For example, for rehabilitation activities, tests for compliance with lead-based paint regulations and required inspections should be completed.
- Monitoring workbooks allow for data collection in a form that summarizes the results of the review and simplifies the preparation of the monitoring letter.

The more detailed the monitoring checklist and workbook, the more helpful the monitoring staff will find them. Consider including the following in the guide and workbook:

- Regulations and laws that govern each activity area,
- Standards that LHC must meet,
- Types of documentation required,
- Accounting systems that will satisfy the identified standards, and

- Actions the monitoring staff will take to determine compliance.

Monitoring Questions

The following is a sample of the questions the City might ask during its review of the LHC's files. Designed to help determine whether LHC is complying with federal requirements, they may also provide insight into LHC's overall operations.

- Were the correct income limits applied when the low- and moderate-income benefit was determined? Was the household income calculated correctly?
- Do the costs associated with the activities provided by LHC appear reasonable?
- For housing rehabilitation projects, is the cost of the construction work included in the contract and, if so, does it appear reasonable for the work performed? Do the work write-up and cost estimate address the building deficiencies identified in the initial inspection of the property?
- Is there documentation in the file to support compliance with lead hazards requirements?
- If applicable, were Davis-Bacon requirements met? Is there documentation verifying compliance in the file?
- How are charges to LHC's CDBG program for salaries and wages documented?
- Are there sufficient records maintained by LHC to demonstrate compliance with CDBG-DR program requirements?
- Does LHC's accounting records contain information on their CDBG and CDBG-DR awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income?
- Can LHC demonstrate that its systems and/or procedures collect accurate information for their progress reports?

Monitoring Resources

The City will use HUD's online monitoring guide—the CDBG Monitoring Handbook (6509.2)—that, although written for HUD reviewers, can be helpful when evaluating subrecipient compliance with various elements of a CDBG program.

Chapter 2 of the Monitoring Handbook offers guidance on the management of monitoring efforts and Chapter 3 of the Monitoring Handbook focuses on the CDBG Entitlement program. The exhibits included in the handbook are also helpful. Exhibit 3-16, for example, details the regulatory requirements used by HUD when reviewing oversight of subrecipients.

14.3. Preparing for Monitoring

Preparation is the key to successful monitoring. The time the City invests in the development of a monitoring plan will allow monitors to focus on the program and operational areas they will investigate.

Prepare Monitoring Staff

Make sure City staff knows exactly what they are supposed to do before, during, and after monitoring.

Training, Identification, Mentoring (TIM) can help the City remember how to prepare staff:

- Training. Training should focus on three areas:
 - Policy and regulation review will help monitors understand what they are observing.
 - Monitoring protocol will teach monitors how to prepare for visits, what they can and cannot say or do, what they should record, and the methods they must use.
 - Communications skills will enable monitors to develop healthy, cooperative, productive relationships with subrecipients.
- Identification. If the City conducts a comprehensive review of a subrecipient that is undertaking a range of CDBG and CDBG-DR-funded activities or likely to have serious compliance problems, it may send a team of monitors to make the process more efficient and thorough.
- Mentoring. Mentoring allows staff new to the monitoring process to learn from more experienced team members. Pair new monitoring staff with the most experienced staff so they may learn firsthand how to prepare for, conduct, and follow up on a monitoring visit.

Review LHC's Documents

Review in-house documents to evaluate LHC's compliance with program regulations prior to any planned monitoring visit. This remote review—also known as a desk audit—can include LHC's:

- Application for CDBG and CDBG-DR funding
- Executed Subrecipient Agreement
- Progress reports
- Drawdown requests
- Previous monitoring reports
- Independent or federally conducted audit reports

The review of these materials will help the City and its monitoring staff identify:

- Changes made in the LHC's CDBG and CDBG-DR activities; and
- Potential problem areas to examine during the on-site visit.

Work with LHC

The City will consider scheduling a pre-monitoring meeting with LHC. This more informal discussion can reduce the number of noncompliance problems identified during the monitoring visit.

Pre-monitoring will allow the City to:

- Inform LHC about monitoring procedures,
- Discuss the information it will be examining during the subsequent visit,
- Identify apparent or potential weaknesses in LHC’s operations, and
- Offer suggestions on how to correct these weaknesses before formal monitoring takes place.

Communicate ahead of time the definition of satisfactory performance, including keeping adequate records and assuring the timely delivery of services specified in the Subrecipient Agreement.

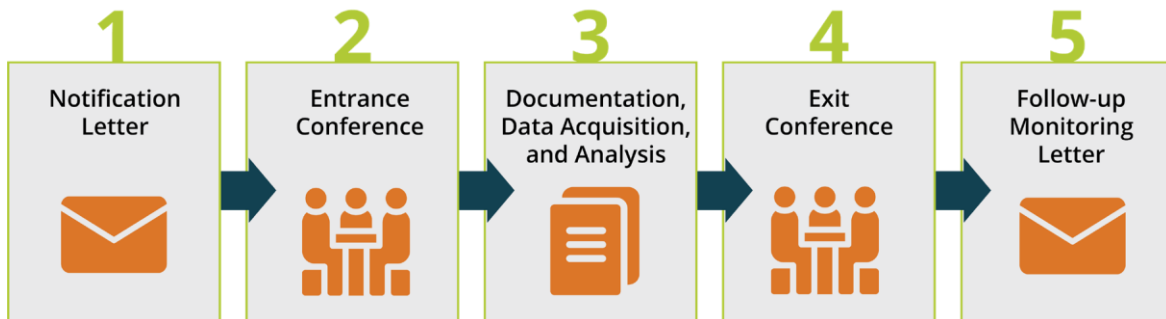
14.4. Conducting the Monitoring

Monitoring is an opportunity to work with LHC to recognize its accomplishments, identify ways it can overcome problems, and improve its operations. While it can be stressful, the main objective of monitoring is to assist LHC.

Ask yourself, “Is the program purpose being accomplished? Are program beneficiaries receiving services as intended? Are CDBG and CDBG-DR program requirements being met?”

Five Steps in a Monitoring Visit

There are five basic steps to any monitoring visit.



Notification Letter

The monitoring process will begin with an email or letter to LHC that explains the purpose of the monitoring and arranges a mutually convenient date for the meeting.

A formal notification letter will be sent a minimum of two weeks before the scheduled meeting. The letter will:

- Confirm the dates and the scope of the monitoring,
- Provide a description of the information that will be reviewed,
- Identify the staff members who will need to be available,
- Specify the expected duration of the monitoring,
- Clarify what, if any, office space will be needed, and

- Identify who will be participating in the monitoring.

The City will call or email LHC a week before the scheduled meeting to remind them of the upcoming monitoring.

Entrance Conference

The City will meet with the LHC directors and appropriate financial and program staff before monitoring begins.

The Entrance Conference will:

- Explain the purpose of the monitoring visit and the City's monitoring responsibilities,
- Reinforce the importance of complying with federal regulations,
- Verify the programs and activities to be reviewed,
- Introduce the members of the monitoring team and explain their roles,
- Set up or confirm meeting or interview times with LHC staff or clients,
- Confirm or schedule physical or virtual inspections of properties or program sites,
- Gain access to needed files or work areas, and
- Schedule or confirm the time and location of the exit conference.

Documentation of Monitoring Activity

The City will document its monitoring activities using a monitoring checklist or workbook to note case numbers, statistics, or financial figures provided by LHC. The names and dates of policies and other documents reviewed will be recorded.

A clear record of monitoring activity will be kept, including:

- Actions taken during the monitoring review.
- Identification of the materials reviewed.
- Documentation of conversations with LHC staff.
- Photographs of any properties or program sites inspected; records of observations.

Being able to identify the sources of the information used to arrive at monitoring conclusions is important in case LHC disputes any of finding(s) identified.

Exit Conference

The City will meet with key representatives of LHC at the end of the review to present the initial conclusions of the monitoring. LHC is encouraged to include their Executive Director and members of their Board of Directors in the discussion.

The exit conference will:

- Acknowledge LHC's accomplishments,
- Present the preliminary results of the monitoring observations, and
- Secure additional or clarifying information from LHC staff.

The exit conference will also:

- Correct any misconceptions or misunderstandings on the City’s part, and
- Report on actions being taken to correct any apparent deficiencies identified during the monitoring.

The City will maintain careful notes during the exit conference—including the date and time of the meeting and the names and titles of attendees, as well as what was communicated to LHC and whether they agreed or disagreed with the initial findings.

The City will confirm by the conclusion of the Exit Conference that both the City and LHC have a clear understanding of the findings identified and the areas of agreement and disagreement.

The City may use the “Monitoring Summary Form” (included in the HUD CPD Monitoring Handbook (6509.02)) to clearly and concisely summarize preliminary conclusions during the exit conference.

Monitoring Letter

The City will issue a monitoring letter to LHC not more than thirty days after the date of the exit conference.

The monitoring letter will:

- Recognize areas where LHC has performed well,
- Acknowledge significant improvement in past problem areas,
- Identify specific areas of noncompliance and/or deficiencies (findings and concerns),
- Specify how to address identified findings of noncompliance (corrective actions),
- Include specific recommendations for improving areas of concern, and
- Establish a deadline for LHC to respond to identified findings.

14.5. Concerns and Findings, Corrective Actions, and Sanctions

A **concern** is a weakness in operations or performance which may become a finding in the future if not addressed.

- Identify the specific area of concern, its cause, and the potential impact on future program funding if it continues.
- Include specific recommendations for improvement for each of the concerns identified in the monitoring letter.
- A written response from subrecipients regarding any concerns noted in the monitoring letter may be required.

A **finding** is a material deficiency in operations or program performance that violates a statutory, regulatory, or program requirement. A finding will be:

- Clearly and correctly identified in the monitoring letter;
- Based on an applicable law, regulation, or program policy; and
- Supported by the facts presented in the monitoring letter.

The City will identify the corrective actions required to address each finding and establish deadlines for their implementation.

LHC will be provided an opportunity to respond to the finding and provide additional information demonstrating compliance.

Corrective Actions—corrective action plans—are measures LHC must take to resolve an identified finding of noncompliance.

A corrective action plan should include:

- A description of each finding of noncompliance,
- Clear and specific steps LHC must take to correct the finding,
- Milestones to measure the progress of LHC,
- A timetable for completion of each corrective action, and
- A description of future monitoring to ensure implementation.

Corrective action plans will be discussed with LHC to determine capacity to implement the steps included in the plan.

A **sanction** is a penalty or punitive or restrictive measure that may be imposed when LHC fails to comply with federal regulations.

LHC will be informed of the sanctions to be imposed should it fail to take effective action to become compliant with federal regulations.

There are three types of sanctions that may be imposed against LHC:

- Limited Denials of Participation (LDPs) are sanctions of the shortest duration—usually lasting one year and normally restricted to a specific geographic area and specific HUD program area.
- Suspensions are temporary in nature, pending the outcome of an investigation or an indictment or based on adequate evidence that supports claims of program violations.
- Debarments, the most serious compliance sanctions, often in effect for a period of three years or longer, exclude an individual or entity from participating in any federal procurement or non-procurement program.

If LHC fails to resolve identified findings and continues to operate in noncompliance with federal regulations, the imposition of sanctions may be appropriate.

15. Financial and Performance Management

15.1. Payment Requests/Disbursement of Funds

- LHC will submit City's required financial documents for set-up in the City's Financial Department.
- Developers will send pay requests and back-up documentation to LHC for review.
- The LHC shall review and approve back-up invoices and receipts for each monthly requisition in compliance with 2 CFR 200 prior to submitting copy of approved requisition package to City for the City CDBG-DR Funds. LHC will forward to the City's Community Development Department for compliance review.
- The Community Development Department will forward to the City's Finance Department who will pay LHC.
- LHC will pay the Developer via wire transfer. LHC will send confirmation of payment to the City's Community Development Department.
- The City will submit a draw request to HUD for reimbursement for the payment.

15.2. Financial and Performance Reporting

LHC will submit quarterly progress and financial reports to the City in the form, content, and frequency required by the City. At a minimum, reports shall be submitted no less frequently than required by 2 CFR 200.38, 24 CFR 570.507, and the applicable Federal Register notices.

LHC shall provide the City with a final report upon completion of each Affordable Housing Development in the City.

LHC is required to immediately report to the City any incident of criminal misapplication of funds associated with this contract.

LHC shall comply with the applicable provisions in 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. These provisions include, but are not limited to:

- Financial & Program Management. The Subrecipient shall expend and account for all City CDBG-DR funds received under this agreement in accordance with the Development Budgets for each Affordable Housing Development in the City of Lake Charles.
- Cost Principles . Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with 2 CFR part 200, subpart E. All items of cost listed in 2 CFR part 200, subpart E, that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in 2 CFR part 200, subpart E and are otherwise eligible under this agreement, except for the following:
 - Depreciation methods for fixed assets shall not be changed without the approval of the Federal cognizant agency.
 - Fines penalties, damages, and other settlements are unallowable costs to the CDBG program.
 - Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for

personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445);

- Organization costs (2 CFR 200.455); and
- Pre-Award Costs, as limited by this agreement.

15.3. Eligible Costs

Eligible costs include:

- Activity delivery costs for Subrecipients to implement their program, including staff time, environmental reviews and DBRA compliance for funded Projects
- Architectural and engineering design
- Permitting fees
- Developer fees (for developers only)
- Mobilization, site prep, and clean up
- Construction, Reconstruction or Rehabilitation costs
- Land and building acquisition costs

Funds awarded under the Gap Program are only reimbursed for eligible costs incurred to develop a project. No CDBG-DR Funds were paid in advance to reimburse a project cost unless the electronic Funds Requisition Form with back-up AIA certification, invoices and receipts are submitted and approved. No funds were disbursed until all funding commitments and grant agreements are signed, and environmental conditions are satisfied.

Purchases from affiliated persons or entities must be supported with an appraisal, acceptable to the City in its sole discretion. Construction / Rehabilitation costs must be included as a budgeted item and funds must be drawn on a Pari-passu basis with other construction-period funding sources.

15.4. Ineligible Costs

Ineligible costs include:

- Pre-application costs and application development costs
- Advances of any type, including construction
- Facility operating or maintenance expenses

The City reserves the right to approve or deny the applicability and eligibility of costs on a per payment basis. The City requires that construction or rehabilitation costs be reasonable and consistent with current market costs for the area where the multifamily construction or rehabilitation will take place.

CDBG-DR Funds awarded under the Gap Program will not be disbursed for any costs enumerated at 24 CFR §570.207, with the exception of those costs which are permitted under the State's waiver, FR-6326-N-01 which permits the use of CDBG-DR funds for new construction activities.

15.5. Cost Reasonableness and Accountability

The City and its Subrecipient must assure that all costs that will be reimbursed with federal funds comply with the requirements in 2 CFR 200 for cost reasonableness. These are essentially the costs that a reasonable person would pay for the same or similar item. The documentation required should be commensurate with the cost and type of item.

The required documentation for cost items to be reimbursed with federal funds:

- Documentation that anticipated project costs are within the per-unit and square footage limits contained in the Qualified Allocation Plan through which funds were awarded (if applicable).
- Cost records such as a closing statement for property acquisition.
- Documentation of comparable cost items such as an appraisal for property acquisition.

15.6. Program Income

As described in the City’s Action Plan, “The City will re-allocate any program income resulting from programs or projects derived from CDBG-DR funds to the purposes stated in this Action Plan. By doing so, the City will ensure that program income will support the continuing recovery process of the City of Lake Charles and allow it to accomplish the maximum benefits from it CDBG-DR funds. We do not expect that the non-profit and business incubator will generate any program income. The Capstone at the Oaks elder income-restricted affordable housing and the proposed general income restricted multifamily rental property in the 1500-1700 block of Fitzenreiter Street sites will generate minor program income after deducting operations and maintenance, loan/debt servicing, investor dividends, and reserve replacement fund capitalization. Any residual receipts based on the fact that CDBG-DR will account for only 3.6% of the total construction and acquisition budget will be booked as program income and used by the City of Lake Charles for future affordable housing development revolving loan fund and accounted for in its annual budget for entitlement CDBG as well as being first expended on like projects”.

Any and all collection of payments for CDBG-DR funds disbursed as loans shall be considered Program Income and maintained by the City. These are to include loan payments – inclusive of principal and/or interest – from the Developer, as well as any loan or grant repayments as a result of program non-compliance. To the maximum extent feasible, Program Income shall be used or distributed before additional withdrawals from the U.S. Treasury are made. The City will establish an independent, no-interest bearing account for Program Income received from the Program.

Program Income does not include any operating income generated by the project after any loans funded through CDBG-DR funds are repaid, and the Project is occupied.

To facilitate compliance with 87 FR 31636 and 88 FR 3198, the Subrecipient shall include any program income generated and retained by the Program to allow the City to report all program income to HUD through the DRGR Quarterly Performance Report (QPR).

All Program Income, as defined in 24 CFR 570.500(a), must be returned to the Grantee. Program Income shall be based upon a payment a percentage of Surplus Cash from each of the Affordable Housing Development in the City. Surplus Cash is defined in the City CDBG-DR Funds Program Documents as “any unrestricted cash remaining at the end of each fiscal year of the Borrower after payment of all accrued Operating Expenses for the Project for such fiscal year” as determined by annual independent audits of each Affordable Housing Development in the City

15.7. Timely Expenditure of Funds

The City of Lake Charles and its Subrecipient will establish expenditure deadlines, milestones, and benchmarks for individual project activities within applicable program agreements. Funds appropriated under Public Law 117-43 and 117-180 must be expended within six years of the date HUD signs the grant agreement with the City of Lake Charles.

16. Recordkeeping

The LHC shall maintain records sufficient to enable the City to (1) determine whether the LHC and its lower-tier recipients, contractors, and consultants complied with this agreement, applicable Federal statutes and regulations, and the terms and conditions of the City’s Federal award and (2) satisfy recordkeeping requirements applicable to the City.

Such records may include, but are not limited to:

- Records providing a full description of each activity undertaken;
- Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program;
- Records required to determine the eligibility of activities;
- Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG program regulations;
- Financial records as required by 24 CFR 570.502, and 2 CFR part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and
- Other records necessary to document compliance with this agreement, any other applicable Federal statutes and regulations, and the terms and conditions of City’s Federal award.

The LHC shall give the United States Department of Housing and Urban Development, the Inspector General and the City or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by the LHC pertaining to this funding. Such rights to access

shall continue as long as the records are retained by the LHC. The LHC shall maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with State laws governing open records, freedom of information or similar.

The LHC shall include the substance of this section in all subcontracts. Record Retention and Transmission of Records to the City Prior to close out of this agreement, the LHC must transmit to the City records sufficient for the City to demonstrate that all costs meet the requirements of the Federal award. The LHC shall retain financial records, supporting documents, statistical records, and all other LHC records pertinent to this funding and LHC's subaward for the longer of three (3) years after the expiration or termination of this agreement, or three (3) years after the submission of the City's annual performance and evaluation report, as prescribed in § 91.520 of this title or in the applicable Federal Register notices governing the use of the funds, in which the specific activity is reported on for the final time.

Notwithstanding the term of this agreement, all records the LHC is required to maintain, including supporting documentation, shall be retained for the greater of three (3) years from closeout of the Federal award to the Grantee, or the period required by other applicable laws and regulations as described in 24 CFR 570.506.

The preceding requirement is, however, subject to the following exceptions:

- a. Records for activities subject to the reversion of assets provisions at 24 CFR § 570.503(b)(7) or change of use provisions at 24 CFR § 570.505 must be maintained for as long as those provisions continue to apply to the activity; otherwise, records for real property and equipment acquired under this agreement must be retained for three (3) years after final disposition;
- b. Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied;
- c. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken;
- d. When the LHC is notified to do so in writing by HUD, the cognizant agency for audit as defined in 2 CFR 200.18, the oversight agency for audit as defined in 2 CFR 200.73, the cognizant agency for indirect costs as defined in 2 CFR 200.19, or the Grantee, the Subrecipient shall extend the retention period consistent with the notification;
- e. When records are transferred to or maintained by HUD or the City, the 3-year retention requirement is not applicable to the LHC;
- f. The retention period for the records pertaining to the earning of the program income (as defined in this Agreement) starts from the end of the City's fiscal year in which the program income is earned; and
- g. For indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates), and their supporting records.

- i. If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the City) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
- ii. If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the City) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Notwithstanding the term of this agreement, all records the LHC is required to maintain, including supporting documentation, shall be retained for the greater of three (3) years from closeout of the Federal award to the Grantee, or the period required by other applicable laws and regulations as described in 24 CFR 570.506.

Client Data and Other Sensitive Information

The LHC is required to maintain data demonstrating client eligibility for activities provided under this agreement. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided. The LHC must comply with the Grantee's Procedures to Protect Personally Identifiable Information (PII) for the CDBG-DR Program (Exhibit G).

In accordance with HUD regulations, the City follows the record retention requirements cited in 2 CFR 200, which includes financial records, supporting documentation, statistical records, and all other pertinent records. The subrecipient/developer must retain all financial records, supporting documentation, statistical records, and all other records pertinent to the written Agreement for five (5) years from the time of closeout of HUD's grant to the City or for the period provided in the CDBG regulations at 2 CFR 200.333. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the expiration of the retention period, then all such records must be retained until completion of the actions and resolution of all issues, or the retention period, whichever occurs later.

16.1. Administrative Records

Administrative records include files and records that apply to the overall administration of the subrecipient/developer's CDBG-DR activities. They include the following:

- Personnel files;
- Property management files;
- General program files: files related to subrecipient/developer's project;
- Subrecipient/Developer Agreement, program policies and guidelines;
- Correspondence with the City and all reports;
- Legal files: Articles of Incorporation, bylaws, tax status, board minutes; and
- Contracts and other agreements related to the funded project.

16.2. Financial Records

Financial records include, and must be made available to the City, HUD or any other entity reviewing records associated with a CDBG-DR funded project:

- The chart of accounts
- A manual on accounting procedures
- Accounting journals and ledgers
- Source documentation (purchase orders, invoices, cancelled checks, etc.)
- Procurement files (if applicable)
- Bank account records
- Financial reports
- Audit files

16.3. Insurance and Property Management

For all projects in the Program, all Subrecipients/Developers must ensure that appropriate insurance is secured and maintained for, at a minimum, the duration of the applicable affordability period to protect all contract assets from loss due to any cause such as theft, fraud, and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the subrecipient/developer is responsible for ensuring that:

- The property continues to be used for its intended (and approved) purpose; and
- The subrecipient/developer continues to monitor the condition of the property.

16.4. Project/Case Files

Project files are files that document the activities undertaken with respect to specific program beneficiaries, tenants, property owners, and/or properties. Tenant files must include income eligibility documentation and demographic information required for HUD reporting. These files must be created, maintained, and made available to the City, HUD or any other entity reviewing records associated with the CDBG-DR funded project.

16.5. Record Retention

Record retention is a requirement of this Program. Records are maintained to document compliance with Program requirements and Federal, State, and local regulations to facilitate review or audit by HUD for a minimum of 5 years following the conclusion of the activities affordability period. The City will seek to ensure that:

- LHC complies with all requirements concerning records and records management practices under federal and state regulations;
- LHC has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements and community expectations;
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner.

16.6. Access to Records

Federal regulations at 24 CFR 570.490 include the following recordkeeping requirements:

- Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt, and use of CDBG (and CDBG-DR) funds and necessary to facilitate reviews and audits;
- The City shall provide citizens with reasonable access to records regarding the past use of CDBG (and CDBG-DR) funds consistent with State or local requirements concerning the privacy of personal records.
- The availability of records is subject to the exemptions to public disclosure set forth in Louisiana Public Records Law. All Freedom of Information Act (FOIA) requests must be made in writing to the City and will be processed in accordance with these procedures.

16.7. Providing Technical Assistance

The Grantee will conduct monitoring visits, as necessary, to provide technical assistance and to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this agreement. In addition to providing technical assistance, the Grantee will, at appropriate times during program activities, review Developers' records to ensure that all applicable state and federal requirements are being met. The Grantee's emphasis will be on preventing and correcting problems before they develop into serious obstacles to program implementation. These reviews include: (1) reviewing financial and performance reports required by the Grantee; (2) following up and ensuring that the Developer takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Developer from the Grantee detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Developer from the Grantee as required by 2 CFR §200.521.

The Developer shall permit the Grantee and auditors to have access to the Developer's records and financial statements.

17. Closeout

Procedures:

Periodic comprehensive desktop monitoring of LHC will help address any identified problems that may come up while reinforcing the importance of complying with federal regulations. This practice will aid in the closeout process.

LHC has provided the City access to its construction and labor compliance documents so that periodic monitoring can be performed throughout construction. Substantial completion of construction for the three projects are estimated to occur as early as December 2024 for Woodring Phase II and as late as September 2025 for Calcasieu Heights.

At project completion, the City will conduct a final monitoring for closeout of the project to ensure that all applicable administrative and program requirements of the grant were completed. In general, a grant is ready for closeout when the following conditions are met:

- All eligible activities were completed and met a national objective.
- All grant funds were expended in full or all remaining funds are planned to be returned to HUD.
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable).
- Any special conditions of the grant were met.
- All audit and monitoring issues affecting the grant were resolved.

At the conclusion of the monitoring, the City will conduct an exit conference with key representatives of LHC at the end of the review to present the initial conclusions of the monitoring.

The City will confirm by the conclusion of the Exit Conference that both the City and LHC have a clear understanding of the findings identified and the areas of agreement and disagreement. All findings will be resolved per the City's monitoring procedures presented earlier in this document.

Subrecipients are required to retain all books and records pertaining to the CDBG-DR Projects for at least three (3) years after the Grantee notifies the Subrecipient that the grant agreement between HUD and the City of Lake Charles has been closed.

18. General Provisions

18.1. Extension of Deadlines

The Program could extend deadlines on a case-by-case basis. The Program may decline to extend a deadline if such extension will jeopardize the Program's completion schedule or the schedule of an individual construction project. The aforementioned strictly applies to program deadlines or established program terms. Under no circumstance(s) does the faculty to extend deadlines apply to the established terms of time in any applicable federal or state law or regulation or to the terms of times established in the PRIME-2 or 2022-2023 QAP.

18.2. Written Notifications

All determinations made by the Program will be notified in writing. If an applicant believes that any determination was made without being written, the applicant may request that such decision be made in writing and duly substantiated.

18.3. Conflict of Interest

The City and its Subrecipient must review the development entity-whether a non-profit or for-profit owner, developer-to determine whether it is in compliance with conflict-of-interest rules which are found in the State CDBG regulations at 24 CFR 570.489 and 24 CFR Part 85 (for governmental entities) and Part 84 (for nonprofit subrecipients).

Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons covered (defined below) who exercise or have exercised any functions or responsibilities with respect to CDBG activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

The conflicts of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the State, the unit of local government, or of any designated public agencies or subrecipients that are receiving CDBG funds.

Developers, Owners, Sponsors and Contractors must provide the following:

- list of all principals and
- disclosure of any conflicts of interest or potential conflicts of interest.

18.4. Citizen Participation

All applicants are encouraged to engage the local community and intended beneficiaries in the planning, design, and development of affordable multifamily housing activities. Developers are encouraged to solicit input from members of protected classes and vulnerable populations during all stages of the activity. The City and its Subrecipient will ensure compliance related to Citizen Participation are adhered to.

18.5. Complaints

Developers must amend their complaints policy to mirror the City's complaints policy (described below) or adopt a separate, but compliant, policy of their own. The policy must be posted online or in a publicly accessible area within the assisted property. The policy must contain the address, phone number, email address, and process for submitting complaints and grievances. The City and/or its Subrecipient will ensure the Developer is providing timely written answers to written complaints and grievances within 15 business days, where feasible.

A complaint is defined as a written or verbal statement or grievance that a situation or behavior is unsatisfactory or unacceptable: (1) a Fair Housing or other discriminatory allegation; (2) an allegation of fraud, waste, or abuse; and/or (3) communication of dissatisfaction of a program and/or personnel. Parties can file complaints for the following:

- Delivery of service
- Staff actions

- Perceived violation of their rights
- Eligibility determination

When appropriate, the City and its Subrecipient encourages Developers and beneficiaries to try to resolve their concerns or disputes directly with a staff person before engaging in a grievance process. If those efforts do not resolve the issue, they may engage the formal complaint procedure.

Developers and beneficiaries may express their concerns in writing to the email or mailing address below. City staff will investigate the complaint and provide a written response to the Developer or beneficiary within 15 working days after receipt of the complaint.

Complaints will be handled sensitively and fairly. A thorough review of any applicable program documentation and written agreements will be conducted, as well as careful implementation of policies and procedures, and clear and respectful methods of communication will be used to help prevent and resolve complaints.

The public may submit complaints related to CDBG-DR funded activities through any of the following means:

Email to: CommunityDevelopment@cityoflc.us

Mailed to: 326 Pujos Street, 5th Floor, Lake Charles, LA 70601

The complaint will clearly state what the activity and associated program is, the nature of the complaint or grievance, and the name, address, and day and evening telephone numbers of the person filing the complaint. Upon receipt of a complaint, City staff will prepare a written substantive response to the complainant within 15 working days.

Concerns that are sensitive in nature where the Developer or beneficiary is afraid to address the issue directly with a staff person, may request to have their complaint or grievance heard by the City of Lake Charles Community Development Department.

Complaints alleging violation of fair housing laws can be made to HUD's office of Fair Housing and Equal Opportunity for Region 4, via phone at (800) 440-8091 or via email to complaintsoffice04@hud.gov.

18.6. Fraud, Waste, and Abuse

The process for complaints regarding fraud, waste, or abuse of government funds can be found at: [1683293761_18686.pdf \(cityoflakecharles.com\)](#)

Complaints regarding fraud, waste, or abuse of funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.com).

The City will make available to HUD detailed Fraud, Waste, and Abuse Policies and Procedures on the Recovery website located at: insert link to demonstrate adequate procedures are in place to prevent fraud, waste, and abuse.

In accordance with Federal, State, and local laws, regulations, HUD Notices, program guidelines, and the policies and procedures to be issued by the City, the LHC will monitor any and all efforts on a regular basis to assure compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to address areas of noncompliance. Information detailing credible evidence of fraud, waste, or abuse shall be immediately reported to the City, followed by a written report within ten (10) calendar days.

18.7. Related Laws and Regulations

These policies and procedures make reference to how the provisions of certain laws apply to the Affordable Housing Program. However, other related laws may exist which are not included in these policies and procedures. This does not negate or preclude the Program from applying the provisions of those laws, nor an applicant from receiving services, when applicable. Moreover, the City of Lake Charles can enact, or may have enacted, regulations that address how the laws mentioned in these guidelines are managed. If there are any discrepancies between these guidelines and the laws and/or regulations mentioned in them, then the latter will prevail over the policies and procedures. If at any time the laws and/or the applicable regulations mentioned in these policies and procedures are amended, the new provisions will apply to the Program without the need to amend these guidelines.

If any provision of these policies and procedures, or the application thereof to any person, partnership, or corporation, or circumstance, is deemed invalid, illegal, or incapable of being enforced to any extent by a competent court, the remainder of these policies and procedures, and the application of such provisions, will not be affected. All valid applications of these policies and procedures shall be severed from any applications deemed invalid, leaving the valid applications in full force.

19. Acronyms and Definitions

19.1. Acronyms

Acronym	Name
ADA	Americans with Disabilities Act
AMI	Area Median Income
AUGF	Authority to Use Grant Funds
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant-Disaster Recovery
CFR	Code of Federal Regulations
DBRA	Davis-Bacon and Related Acts
DOB	Duplication of Benefits
DOL	U.S. Department of Labor

DRGR	Disaster Recovery Grant Reporting System
EA	Environmental Assessment
EPA	U.S. Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FLSA	Fair Labor Standards Act
FUTA	Federal Unemployment Tax Act
GED	General Education Development
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing and Urban Development
HUD CPD	HUD Office of Community and Planning Development
HUD OIG	HUD Office of Inspector General
ICC	International Code Council
LBP	Lead-Based Paint
LAP	Language Access Plan
LEP	Limited English Proficiency
LMH	Low/Moderate Income Housing
LMI	Low/Moderate Income
MBE	Minority Business Enterprise
NFIP	National Flood Insurance Program
NEPA	National Environmental Policy Act
NOFA	Notice of Funding Availability
PII	Personally Identifiable Information
RARAP	Residential Anti-Displacement and Relocation Assistance Plan
SBA	U.S. Small Business Administration
SOP	Standard Operating Procedure
SUTA	State Unemployment Tax Act
TDD	Telecommunications Device for the Deaf
URA	Uniform Relocation Act
U.S.C.	United States Code
WBE	Women Business Enterprise

19.2. Definitions

100-Year Floodplain – The geographic area defined by FEMA as having a one percent (1%) chance of being inundated by a flooding event in any given year.

Acquisition – The process of purchasing or obtaining Real Property at post-disaster fair market value (FMV) of land and/or structures.

Affirmative Marketing and Outreach – making known that use of facilities, assistance, and services are available to all on a nondiscriminatory basis as defined in 24 CFR 576.407(b). If it is unlikely that the procedures that the subrecipient/developer intends to use to make known the availability of the facilities, assistance, and services will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the subrecipient/developer must establish additional procedures

that ensure that those persons are made aware of the facilities, assistance, and services. The subrecipient/developer must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI and Executive Order 13166, Subrecipients/Developers are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

Affordable Housing – In general, housing for which the occupant(s) is/are paying no more than 30 percent of their income for gross housing costs, including utilities.

Affordability Period – To ensure that the CDBG-DR investment in rental and/or homeownership properties yields affordable housing, the City is complying with the governing Federal Register Notice applicable to the HUD CDBG-DR allocation for Hurricane Ian which imposes rent and occupancy requirements over the length of a compliance period, known as the Affordability Period, for all rental housing projects and all new construction homeownership projects. All City-assisted units must be restricted during the Affordability Period for LMI persons/households.

Applicant – Any entity that submits an application for assistance to the City of Lake Charles Affordable Housing Gap Financing Program.

Appeal – A written request by an Applicant asking for the reversal of a determination that affects the eligibility and/or amount of assistance the applicant may receive from the Program.

Area Median Income (AMI) – The median (midpoint) household income for an area, adjusted for household size, as published, and annually updated by the U.S. Department of Housing and Urban Development (HUD). Once household income is determined, it is compared to HUD's income limit for that household size. Income limits are adjusted annually for all Metropolitan Statistical Areas (MSAs).

Community Development Block Grant – Disaster Recovery (CDBG-DR) – HUD funding allocated to eligible disaster recovery entities via congressional appropriations.

Davis-Bacon Act of 1931 (40 U.S.C. 3141, et seq.) and Related Acts – Federal law that requires that all laborers and mechanics employed by contractors or subcontractors in the performance of work financed in whole or in part with federal assistance shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the U.S. Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to rehabilitation, reconstruction, and new construction of residential property only if such property contains not less than eight (8) units.

Developer – Developer is defined by HUD as “[a] for-profit or private non-profit individual or entity that the grantee provides HUD assistance for the purpose of (1) acquiring homes and

residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with redevelopment of demolished or vacant properties.” For the purposes of this manual, Developer responsibilities shall be construed as Subrecipient/Developer responsibilities and the City will have direct agreements with either the Subrecipient or Developer.

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

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

Elevation Standards – Standards that apply to new construction, repair of Substantial Damage, or Substantial Improvement of structures located in an area delineated as a Special Flood Hazard Area or equivalent in FEMA’s data source identified in 24 CFR 55.1(b)(1).

Environmental Review – A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents. All qualified projects must undergo an Environmental Review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Fair Housing Act (FHA) – The Fair Housing Act of 1968 (42 U.S.C. 3601-3619), prohibiting discrimination against protected classes of people in the sale or rental of housing, in the provision of housing assistance, or other housing-related activities. The FHA obligates HUD grantees and their Subrecipients/Developers to take reasonable steps to ensure meaningful access to their programs and activities for protected classes. The FHA also requires HUD and its program participants to affirmatively further the purposes of the FHA.

Federal Emergency Management Agency (FEMA) – The Federal Emergency Management Agency is an agency of the U.S. Department of Homeland Security. It was created by Presidential Order on April 1, 1979. The primary purpose of FEMA is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

Federal Register – The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. It is published daily, except on federal holidays. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each allocation of disaster funding.

Flood Insurance – The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012(a)) requires that projects receiving federal assistance and located in an area identify by FEMA as being within a Special Flood Hazard Area (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community where the property is located must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used.

Floodplain – FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

Grantee – Any jurisdiction receiving a direct award of funding from HUD.

Green Building Standards – All construction-related activity that meets the definition of substantial improvement, reconstruction, or new construction must meet an industry recognized standard that has achieved certification under at least one of the following programs: (1) Enterprise Green Communities; (2) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development); (3) ICC-700 National Green Building Standard Green or Green+ Resilience; (4) Living Building Challenge; or (5) Any other equivalent comprehensive green building program acceptable to HUD.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other.

HUD – U.S. Department of Housing and Urban Development, a federal department through which program funds are distributed to grantees.

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

Low- to Moderate Income (LMI) National Objective – One of three national objectives that any CDBG activity must meet. Activities that meet the LMI objective must benefit households whose total annual gross income does not exceed 120% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with HUD Guidance. The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

Extremely Low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size.

Very Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size.

Low: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

Moderate: Household's annual income is between 81% and 120% of the area median family income, as determined by HUD, adjusted for family size.

Low/Moderate Housing (LMH) - A subordinate HUD National Objective under the LMI (Low/Mod Income) objective.

Metropolitan Statistical Area (MSA) – An area with at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core, as measured by commuting ties.

National Environmental Policy Act (NEPA) - Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Flood Insurance Program (NFIP) - The National Flood Insurance Program (NFIP) is managed by the Federal Emergency Management Agency and is delivered to the public by a network of approximately 60 insurance companies and the NFIP Direct. The NFIP provides flood insurance to property owners, renters, and businesses.

National Objective - A HUD criterion governing eligible uses of CDBG-DR funds.

Notice of Funding Availability (NOFA) - A notice describing the type and amount of funding available on a competitive basis that provides information regarding how to apply, when to apply, and where to submit requests for funding.

Partner - Various entities will be responsible for implementing program activities. The term Partner is used throughout to denote the relationship between the City and entities like Subrecipients and Developers.

Program Income – Program income is the gross income received by the grantee or subrecipient that is directly generated by grant-supported activities.

Reasonable Accommodation – Under the Fair Housing Act, a reasonable accommodation is a change, exception, or adjustment to a rule, policy, practice, or service.

Recapture of funds – The process in which benefits or funds were found to be duplicated and requiring repayment of partial or full CDBG-DR awarded funds amount.

Rehabilitation – The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

Special Flood Hazard Area (SFHA) - An area identified by FEMA as an area with a special flood or mudflow, and/or flood related erosion hazard, as shown on a flood hazard boundary map or flood insurance rate map.

Special Needs Populations – A specified group of individuals including people experiencing homelessness or imminently at risk of homelessness; people with mental, physical or developmental disabilities; people with substance use disorders; children in foster care and youth aging out of foster care; survivors of domestic violence; adults re- entering the community after being released from correctional facilities; or as defined in local ordinances where the project will be located.

Subrecipient - A non-federal entity that receives CDBG-DR funding from the City to carry out recovery activities; but does not include an individual or entity that is a beneficiary of the program.

Substantial Damage – Damage of any origin sustained by a structure whereby the cost of restoring the structure to its pre-damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.

Uniform Relocation Act (URA) - A federal law that applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted programs or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.