

2025

SUBRECIPIENT GUIDEBOOK



**Community Development
Block Grant Program**

Equal Housing Opportunity



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INTRODUCTION

Congratulations on being selected to receive a Community Development Block Grant (CDBG) or HOME Investment Partnership (HOME) award! The City of Bremerton CDBG and HOME programs are funded by the federal Department of Housing and Urban Development (HUD) and administered by the City's Department of Community Development.

One of our responsibilities, as grant administrators, is to ensure that federal and local program requirements are met. Federal requirements are included in a number of statutes and federal administrative interpretations. The purpose of this Guidebook is to provide a reference manual for you as a recipient of a CDBG or HOME grant award and to ensure you are aware of and manage your project in a manner consistent with federal and local requirements.

In certain aspects of program activity, federal requirements may be quite detailed; in other areas they may be somewhat vague. The Guidebook provides policies and procedures to help your organization comply with the requirements of both CDBG and HOME as well as other applicable federal regulation. We have also provided the regulatory citation to assist you in understanding where the regulation can be found in the federal code.

Grant recipients are cautioned that federal requirements may apply to non CDBG or HOME funded portions of a project or to activities which are undertaken prior to receipt of a grant award. For example, federal labor requirements may apply to demolition activities necessary for construction of a CDBG or HOME funded facility, even if the subrecipient uses their own funds for the demolition. Similarly, for a HOME funded housing project the Uniform Relocation Assistance regulations may apply, even though private funds may have been used for the acquisition of the project and HOME dollars for the rehabilitation of the units. Agencies with CDBG or HOME funds for capital projects are strongly encouraged to review this guidebook and discuss their project with Block Grant staff before entering into legally binding agreements or performing work at the project site.

The Guidebook is divided into eleven sections which describe the various procedures and requirements for subrecipients of CDBG and HOME funds. In addition, other useful information referenced in the text is included in the attached appendices. If you have questions please do not hesitate to contact the Block Grant office, our contact information has been provided on the next page. Our goal is to partner with you to accomplish your federally funded project.

Staff Contacts

City of Bremerton CDBG/HOME

<https://www.bremertonwa.gov/198/Federal-Grants---CDBG>

Mailing Address: City of Bremerton
Department of Community Development
345 6th Street, Suite 600
Bremerton, WA 98337-1873

Staff Contacts: Sarah Lynam
CDBG Administrator
City of Bremerton
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sarah.lynam@ci.bremerton.wa.us

Kitsap County CDBG/HOME

<https://www.kitsap.gov/hs/Pages/CDBG--LANDING.aspx>

Mailing Address: Kitsap County
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Managing Your Grant Award

MANAGING YOUR GRANT AWARD

This section of the Guidebook outlines steps involved in managing your CDBG or HOME grant award.

- STEP 1: Receipt of Award
- STEP 2: Establishing a Record Keeping System and Reporting
- STEP 3: Preparation of the Environmental Review
- STEP 4: Development and Execution of the Contract
- STEP 5: Reimbursement submittal & processing
- STEP 6: Addressing Special Federal Requirements
- STEP 7: Monitoring and Project Closeout

1. Receipt of Award

The amount of funds awarded to your program or project will be included in the Action Plan, which is approved after a public hearing in November, by the City of Bremerton City Council. The Action Plan is then submitted to HUD.

The amount of funds awarded to your program or project is an estimate and will not be finalized until the City has a contract from HUD which includes final allocation amounts for CDBG and HOME. Your organization may receive an increase or decrease depending on the allocation of CDBG and HOME funds from HUD. The Action Plan contains a contingency explaining what will happen if there is an increase or decrease in funding. Your agency will receive a letter early in the program year with information about your award and when we expect funds to be available.

Funds will not be available for reimbursement until your organization has a written agreement executed with the City. This typically occurs from April to July. However, the timeline for funding availability will vary from year to year depending on when the federal budget is passed by Congress.

2. Establishing a Record Keeping System and Reporting

The City of Bremerton is responsible for collecting pertinent data from grant recipients and reporting it to HUD. Organizations must keep accurate records which conform to federal requirements as outlined in the sections contained in the Guidebook.

Your organization must be able to fully document CDBG and HOME projects so that compliance with all applicable regulations can be demonstrated. The filing system established should provide a historic account of each project and the files should be maintained in a central location.

Filing System

The following is a suggested filing system for projects:

1. General Project File
 - a) Project Proposal (application)
 - b) Project Agreement (Contract) with the City
 - c) Environmental Review Record and Notice to Proceed
 - d) Quarterly Reports & HOME Completion Reports
 - e) Equal Employment Opportunity data
 - f) Project Correspondence
 - g) Record of monitoring visits

2. Financial Records
 - a) Notices of grant awards
 - b) Contracts
 - c) Budget revisions
 - d) Invoices for payment
 - e) Copies of reimbursement requests sent to the City
 - f) Payroll time sheets (if costs are being covered by CDBG)
 - g) Audit records
 - h) Approved indirect cost allocation plan, if applicable
 - i) Project budget reports
 - j) Records documenting source and amount of other project funding

3. Procurement
 - a) Written procurement policy, approved or adopted by board
 - b) Bid Advertisements
 - c) Affidavit of Publication
 - d) Requests for Proposals (RFP) or Requests for Qualifications (RFQ)
 - e) Bids/Proposals
 - f) Bid/Price Analysis
 - g) All Third Party Contracts
 - h) Preconstruction Conference Notes
 - i) Change Orders
 - j) Copies of contracts
 - k) Davis Bacon/Federal Prevailing wage documents (if applicable)
 - l) Site inspection reports
 - m) Correspondence

Reporting

Grant recipients will be required to collect data and report to the City on a quarterly basis, and for HOME funds, also at project completion. It is important to establish a system for collecting data which starts at the beginning of the CDBG/HOME program year Jan. 1st, even though you may not yet have a contract. Quarterly reports are due by the 15th of the month following the end of the quarter.

The type of project and funding will determine which type of reports your agency will need to submit. For more information on the type of information needed to complete required reports please see **Section: Reporting and Monitoring** in the Guidebook.

Report forms are available from your project contact person and will be sent via email. Information collected in the reports is input into HUD's reporting system and used by Block Grant staff to track projects for timeliness and compliance with contract requirements.

3. Preparation of the Environmental Review

CDBG and HOME regulations require the preparation of a project Environmental Review Record (ERR) and environmental clearance before **any** funds (federal or otherwise) are expended or costs incurred. The environmental review process covers all phases of the project, whether the project is funded in whole or in part by CDBG or HOME funds. The overall governing regulation is the National Environmental Policy Act (NEPA).

Some activities, such as public services that will not have a physical impact or result in any physical change to the environment, are Exempt. The environmental review for these types of activities will be completed by staff at the beginning of the program year so projects may begin to incur costs.

Most other types of activities will require some level of review and grant recipients may be asked to assist in the development of the ERR by providing additional information, maps, site data or specialized study or site assessment. The level of review will depend on the type of activity. For more information on the Environmental Review process and timeline please see **Section: Environmental Review** in this Guidebook.

Some capital projects which require permits through the County or City may also trigger an environmental review under the State Environmental Policy Act (SEPA). For these types of projects special conditions and mitigation measures required by the SEPA will be included in the NEPA review. These reviews can run concurrently however the NEPA requires additional time for public comment and issuance of an Authority to Use Grant Funds before the project can proceed.

4. Development and Execution of the Agreement

In order for your organization to receive funds an agreement (contract) must be executed between the City and your organization. The contract contains the scope of services and financial conditions as well as federal, state and local regulatory requirements.

Once the City has received our actual allocation of funds from HUD, we will begin working with agencies on contracts. Your agency will receive an email with forms for contract language and budget to be filled in and instructions to begin the contracting process. If your project or program has been funded by both the City and County, you will have two separate contracts. The contracting requirements of the City and County are slightly different, and you will receive a letter from the appropriate agency with instructions to begin the contracting process.

There are a number of forms that must be submitted, and these will be outlined in the award letter. Contracts will not be executed without the requested information. The timeline for executing a contract will vary depending on the complexity of the agreement, receipt of all necessary information from the grant recipient and workload of staff reviewing the contract.

5. Reimbursement Submittal & Processing

CDBG and HOME funds awarded are paid on a reimbursement basis only. Once your agency has an executed contract and a Notice to Proceed, you will be able to submit reimbursement requests for allowable costs.

A properly documented reimbursement request will typically take a minimum of two weeks to process. Once processed through the City, funds will be issued by check and mailed. Agencies with multiple contracts with the City of Bremerton may have an electronic transfer of funds agreement in place, in this case funds will be transferred electronically, and a direct deposit made to your financial institution.

Additional information about financial procedures including authorizations, allowable costs, reimbursements & source documentation, is included in this Guidebook under **Section: Financial Management.**

6. Addressing Special Federal Requirements

In addition to the rules and requirements imposed by CDBG and HOME program regulations, there are several additional broad Federal rules that organizations must be aware of, and in compliance with, when a project is funded with CDBG or HOME. These Federal requirements include:

A. Fair Housing, Equal Opportunity and Accessibility

- Title VI of the Civil Rights Act of 1964
- The Fair Housing Act
- Equal Opportunity in Housing
- Age Discrimination Act of 1975
- Equal Employment Opportunity
- Section 3 of the Housing and Urban Development Act of 1968
- Minority/Women's Business Enterprise
- Americans with Disabilities Act
- Section 504

For information on compliance with these Federal requirements please see **Section: Equal Opportunity and Accessibility** of this Guidebook.

B. Acquisition, Relocation and Demolition

If your project includes acquisition of real property, relocation of existing residents, tenants in a business, or demolition, your project is subject to specific requirements under the Uniform Relocation Assistance and Real Property Acquisition regulations at 49 CFR Part 24. For more information on applicability and compliance see **Section: Acquisition and Relocation**.

C. Procurement

If your project includes the purchase of goods or services, you will need to have written procurement policies that address federal requirements. The requirements are detailed in **Section: Procurement**.

D. Labor Standards

If your project includes construction, you will need to be aware of specific requirements under Davis Bacon as well as regulations regarding hazardous materials such as lead and asbestos. These requirements are covered in **Section: Labor Standards, Construction and Lead Safe Housing**.

7. Monitoring & Project Closeout

The City Block Grant Program conducts monitoring of all grant recipients annually. The City of Bremerton and Kitsap County conduct joint monitoring for agencies which have open contracts with both. Typically, these visits will be scheduled in December - January. Monitoring may be conducted via Zoom or on-site. Using a monitoring checklist staff will review some or all of the following areas, depending on the activity type and issues that may have come up over the contract period.

- Contract Management Systems Review

- Project Status
- Eligibility Requirements
- General Record Keeping
- Financial Management Systems
- Cost Eligibility
- Procurement Standards & Bid Requirements
- Section 504 Compliance
- Environmental review Compliance
- Property Acquisition/Relocation
- Property Standards
- Rent, Occupancy & Income Requirements for Housing

After the monitoring a letter will be sent to the agency. If concerns or findings of non-compliance with federal regulations are identified, staff will send the agency instructions for corrective action in the monitoring letter.

Projects will not be closed out until all monitoring issues are resolved and all reimbursements have been processed. Agencies will receive a letter when the project is closed out.

HOME funded projects remain open through the period of affordability. In addition to annual monitoring of open contracts, City and County staff conduct annual period of affordability monitoring of HOME funded projects. On-site monitoring is conducted annually, biannually, or every third year depending on the project. These visits, which may also include unit inspections, are typically scheduled in November and December.

For additional information on project closeout and monitoring please see ***Section: Reporting and Monitoring*** and ***Section: Project Closeout and On-Going Rental Housing Monitoring***.

Financial Management

FINANCIAL MANAGEMENT

UNIFORM ADMINISTRATIVE REQUIREMENTS

The City of Bremerton, receives annual appropriations of federal CDBG and HOME funds from HUD. The City is therefore charged with a fiduciary responsibility to see that the taxpayers' money is used appropriately and to require proper accountability from the recipients of its awards.

Acceptance of a grant from the City creates a legal obligation to use the funds in accordance with the terms of the grant and to comply with the grant's provisions and conditions. The grant recipient thus assumes full responsibility for the conduct of project activities and becomes accountable for meeting Federal standards in the areas of financial management, internal control, audit and reporting.

The financial management system required for organizations awarded CDBG and HOME funds is governed by:

- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Governmental and Non-Governmental entities must comply with the requirements and standards of 2 CFR Part 200. HOME recipients who will be developing housing under an Owner Sponsor Developer agreement will not be subject to the requirements under 2 CFR Part 200.

FINANCIAL MANAGEMENT STANDARDS (2 CFR 200 Subpart D)

Many alternative methods exist for implementing financial management systems, and your organization should choose methods appropriate for your particular scale of operations and develop written policies & procedures. The Board of Directors should be aware of, and if appropriate approve or adopt, the policies as part of their fiduciary responsibility.

If the organization is unable to meet the standards that are covered here, funding may be terminated, and the organization may be deemed ineligible to receive subsequent grant awards.

- a) Grant recipients must have accounting structures that provide accurate and complete information about all financial transactions related to each Federally-supported project.
- b) Grant expenditure records must be at least as detailed as the cost categories indicated in the approved budget (including indirect costs that are charged to the project). Actual expenditures are to be compared with budgeted amounts.
- c) Accounting records are to be maintained on a current basis and balanced monthly.
- d) Costs to be reimbursed by the grant may be incurred only during the term of the agreement (contract).

- e) The records must be supported by source documentation such as cancelled checks, invoices, contracts, and personnel activity reports.
- f) The same costs cannot be claimed and reported on more than one Federal grant.
- g) For every employee whose salary is charged, in whole or in part to the grant, personnel activity reports (i.e. timesheets) must be maintained to account for all compensated time, including time spent on other activities.
- h) The applicable OMB cost principles and the terms and conditions of the grant award shall be followed in determining the reasonableness, allowability and allocability of costs.
- i) Requests for payment shall be limited to reimbursement for costs already incurred; CDBG and HOME funds cannot be paid in advance.

Internal Controls

Organizations must provide safeguards for all grant property, whether cash or other assets, and assure that it is used solely for authorized purposes. Control will be enhanced if the duties of the members of the organization are divided so that no one person handles all aspects of a transaction from beginning to end. Although a complete separation of functions may not be feasible for the small organization, some measure of effective control may be obtained by planning the assignment of duties carefully.

Organizations must ensure the following:

- An organizational chart setting forth the actual lines of responsibility of personnel involved in financial transactions;
- Written definition and delineation of duties among key personnel involved in financial transactions;
- An accounting policy and procedures manual that:
 - Includes specific approval authority for financial transactions and guidelines for controlling expenditures.
 - A set of written procedures for recording of transactions that utilizes a chart of accounts.
- Separation of duties is adequate so that no one individual has authority over a financial transaction from beginning to end. In other words, one person should not have responsibility for more than one of the following functions:
 - Authorization to execute a transaction.
 - Recording of the transaction.
 - Custody of the assets involved in the transaction.
- Hiring policies ensuring that staff qualifications are commensurate with job responsibilities.

- Control over assets, blank forms and confidential documents so that these types of documents are limited to authorized personnel only.
- Periodic comparisons of financial records to actual assets and liabilities (i.e., reconciliation).

Budget Controls

Organizations must have procedures in place to compare and control expenditures against approved budgets for CDBG and HOME funded activities and document the following:

- Maintain accounting records and the amounts budgeted for eligible activities;
- Periodically compare actual obligations and expenditures to date against planned obligations and expenditures, and against projected accomplishments for such outlays; and
- Report deviations from budget and program plans, and request approval for budget and program plan revisions

Cost Principles

Beginning with the submission of an application for CDBG or HOME funds, staff will review your project for allowable costs. When funds are awarded to your organization a written agreement (contract) will be executed and will contain a project budget which has been reviewed to make sure the costs covered by CDBG or HOME funds are eligible for reimbursement.

Indirect Costs – Public Agencies

For grant recipients who are also a public agency, 2 CFR **§200.414** establishes requirements for indirect costs.

Indirect Costs – Nonprofits

For nonprofit subrecipients, 2 CFR **§200.414** methods for allocating indirect costs. Each method is applicable to certain specific circumstances.

- Simplified allocation method:
 - Used when a nonprofit organization has only one major function, or where all its major functions benefit from its indirect costs to approximately the same degree.
 - The indirect cost rate is calculated by separating the organization's total costs for the base period (e.g., fiscal year) as either direct or indirect, and dividing the total allowable indirect costs by an equitable distribution base (total direct costs, direct salaries or other equitable distribution base).

- Multiple allocation base method:
 - Used when major functions benefit in varying degrees from indirect costs.
 - Costs are separated into distinct groupings, and each grouping is then allocated to benefiting functions by means of a base which best measures relative benefits. An indirect cost rate must be developed for each grouping.

- Direct allocation method:
 - This method may be used for those nonprofits that treat all costs as direct costs *except* general administration and general expenses.
 - These joint costs are prorated individually as direct costs to cost objectives using a base most appropriate to the particular cost being prorated. The base must be established in accordance with reasonable criteria and must be supported by current data.

- Special Indirect Cost Rates:
 - Used when a particular segment of work may be preformed under a single Federal award or consists of work under a group of Federal awards performed in a common environment.

Indirect cost rates must be submitted to and approved by the federal agency that provides the largest dollar value of funds to the nonprofit. The Block Grant program will check to ensure a written agreement is executed between the nonprofit and the approving federal agency signifying the approval of the proposed indirect cost rate.

Audit Standards

An annual financial audit performed by an independent auditor is required for all organizations funded with CDBG and HOME funds.

Non-profit organizations that expend \$750,000 or more in a year in Federal awards (this includes all federal funds, not just CDBG or HOME) must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR **§200.501**.

- Audits are performed by independent public accounting firms engaged by the grantee organizations.
- Costs for audits are borne by the grantee organizations but are allowable as charges to grant projects; they may be considered either direct costs or allocated indirect costs as determined by the Federal cost principles.
- When arranging for audit services, organizations must follow procurement standards found in 2 CFR §200.318. Whenever possible, small businesses, minority-owned firms, and women's business enterprises, should be included when soliciting proposals.

Non-profit organizations that expend less than \$750,000 in a year in Federal awards are not required to have an A-133 audit for that year; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the Government Accountability Office (GAO).

Shortcomings to Avoid

Monitoring conducted by HUD has uncovered some common deficiencies in the administration of federal grants. Among these were:

- Personnel costs charged to grant projects were not supported by adequate documentation. (For example, personnel activity reports should be maintained that show the actual activity of each employee, whose compensation was charged, in whole or in part, to CDBG/HOME projects.)
- Reported grant project costs did not agree with the accounting records, i.e., the financial status reports were not prepared directly from the general ledger or subsidiary ledgers or from worksheets reconciled to the accounts.
- Section 504 Self-Evaluation checklists were not on file as required.
- No documented basis was provided to support the amount allocated to the CDBG/HOME grant project for common (indirect) costs which benefitted all projects and activities of the organization.
- Independent audits required by 24 CFR **§200.501** were not performed or did not meet the standards for audits of Federal grants.
- Grantees' financial management systems lacked adequate internal controls (for example, proper segregation of duties to safeguard resources or procedures for comparing actual outlays with the budget).

Accounting Procedures

Procedures clarify the roles (who does what) and tell the “doers” how to do it – which steps to take, which forms to use, where to file documentation, who to inform about activities, etc. The level of detail in accounting procedures will depend to some degree on how complex your organization is and how many people are involved in financial decision making. At a minimum, your organization should consider the following areas when developing procedures.

- A. Cash management: Deposits, Reconciliations, Credit Cards, Cash Receipts and Account Receivable.
- B. Capital Assets: Acquisition & disposal, dollar thresholds, useful lives, property management & control.
- C. Revenue Sources: Contributions, special events, program service fees, grants, unrelated business income.
- D. Payroll.

Allowable Costs & Reimbursement Procedures for your Grant

Authorizations

In order to assure the budget, budget revisions and requests for payment are properly authorized; all forms will require the signature of an individual designated by the subrecipient to submit the documents to the County or City.

- It may be helpful to obtain two or three signatures to assure the availability of required authorized signers at any given time.
- The chief executive or certifying officer must authorize these persons to sign budgets, budget revisions and requests for payment by executing the Signature Authorization form after obtaining the necessary signatures.
- If the authorized signers change for any reason, a new signature authorization form is required.

Allowable Costs

A cost is allowable under the CDBG or HOME program if:

- The expenditure is necessary, reasonable, and directly related to the grant
- The expenditure has been authorized by the County or City.
- The expenditure is not prohibited under Federal, state, or local laws or regulations
- The expenditure is consistently treated
- The cost must be allocable to the CDBG or HOME program

Reimbursement and Source Documentation

When grant recipients receive billings or incur costs for projects, the amount due must be paid and then reimbursement may be requested from the County or City. To request payment for projects, the **Request for Reimbursement** must be completed. This form includes the amount requested by line items according to the budget for the project. A **Reimbursement Summary** must also be attached which summarizes the total costs incurred and a breakdown of the portion paid with CDBG or HOME funds. Block Grant staff will provide an example of the summary for use in developing one appropriate to your project.

Additionally, supporting documentation is necessary to show that the costs charged against CDBG or HOME funds were incurred during the effective period of the agreement (contract). Documentation needed to support reimbursement requests should at a minimum include the following:

<u>Cost Category</u>	<u>Backup Documentation</u>
Personnel	Copies of times sheets signed and dated by both the employee and the supervisor, copies of payroll checks, and copies of canceled checks (front and back) unless previous arrangements have been made.
Supplies/Equipment	Copies of invoices, receipts or contracts for expenditures with transaction dates, copies of checks paying for expenditures.
Administration	Receipts for any allowable travel or meal expenditures, the number of miles traveled, location/destination and cost per mile, copies of phone bill and identification of long-distance calls related to project, copy of invoice and receipt for rent and utilities and copies of checks paying for expenditures.
Acquisition Costs	Copies of Promissory Notes, Real Estate Closing Statements, Real Estate Contract and other relevant real estate documents.
Development Soft Costs	Work performed by appraisers, architects, engineers, or consultants must include a statement of the work completed which justifies the requested billing. A spreadsheet of the bid items and units completed for the pay period can be attached. This should include the Request for Payment signed by the owner, contractor and architect or engineer. Evidence that your agency has authorized and paid the billing should be attached.
Development Hard Costs	Copies of invoices, receipts or contracts for expenditures with transaction dates, copies of checks paying for expenditures.

Other Costs

Copies of invoices, receipts or contracts for expenditures with transaction dates, copies of checks paying for expenditures relating to relocation, operating/maintenance expenses.

Program Income

- Program income is defined as the gross income that is received by an organization and has been directly generated from the use of CDBG or HOME funds. Program income includes:
 - Repayments of principal and interest on loans made using CDBG or HOME funds.
 - Repayment of homebuyer loans during the HOME Period of Affordability is recaptured funds, not Program Income.
- Interest earned on program income.
- Proceeds from the disposition of real property that has been acquired or improved with CDBG or HOME funds where the disposition occurs during the period of restricted use (CDBG) or the period of affordability (HOME).
- The contract between each grant recipient and the County or City requires the reporting of any program income to the County or City. Program income must be used in accordance with the terms of the contract.

Budget Amendment and Fund Reallocation

Changes to the approved project budget of less than 10% of the total grant amount require a submission of a **Request for Budget Revision** form to the appropriate Block Grant office. The form must be signed by the authorized signer and submitted for approval.

Changes to the project budget greater than 10% require a contract amendment. Contract amendments must be reviewed and executed in the same manner as the original agreement. Requests to amend the contract must be made in writing. Your project contact will work with you to determine the timeline for approval of the amendment.

If there are unspent funds at the close-out of the project, any remaining funds will be included in the next application cycle for re-allocation to an eligible project.

Reporting and Monitoring

REPORTING AND MONITORING

REPORTING REQUIREMENTS

Reporting on grant progress is required through the term of the written agreement (contract). This section describes the reports and due dates. Note that not all of the reports are applicable to every project. All reports are available in electronic format and will be emailed by the Block Grant Program. Subrecipients should use the most current form when submitting reports. Your project manager will provide assistance, if needed, with completing required reports.

Quarterly Reports – Public Service & Economic Development Microenterprise activities
There are two reports due on a quarterly basis for Public Service contracts. These reports are due on the 15th of the month following the end of the quarter. These reports can be completed and emailed to the Block Grant project manager.

Performance Report: This is a narrative report (MSWord format) on progress made in providing the services described in the contract. It should include information on meeting items included in the “Agency Shall” section of the contract as well as any notable delays/challenges the project is experiencing. This report should include the name of the individual authorized to submit reports on the “Authorized Signature” line of the report.

Demographics Report: This is a workbook in MS Excel designed to capture income and race/ethnic data on individuals served by your project. The workbook contains an “Instructions” tab and tabs for each quarter. Detailed instructions are included in the instructions tab for completing the table. The quarters are linked so data from one quarter will carry to the next quarter for cumulative totals. Please use the most current HUD Income Limits to determine which income category individuals are in.

Income Limits can be obtained from the following web site:

<http://www.huduser.org/portal/datasets/il.html>

HUD has also developed an Income Calculator to assist in determination of income. The Calculator is easy to use and is available at:

<https://www.onecpd.info/incomecalculator>

Quarterly Reports – Capital Projects

Reports will vary somewhat for capital projects depending on funding. All projects are required to submit quarterly Performance Reports during the term of the contract until project completion, regardless of when CDBG or HOME funds are spent. These reports are due on the 15th of the month following the end of the quarter and can be emailed to the Block Grant project manager.

Performance Report: This is a 2-page narrative report (MSWord format) on progress made on the scope of work described in the contract. It should include information on meeting items included in the “Agency Shall” section of the contract as well as any notable delays/challenges the project is experiencing. The second page of the report collects information on contractors hired for the project. This report should include the name of the individual authorized to submit reports on the “Authorized Signature” line of the report.

Capital projects are also required to submit one of the following reports depending on whether they are funded with CDBG or HOME:

CDBG Activities – Quarterly Demographics Report:

This report is triggered when beneficiary data becomes available. It is not required for new construction until the project is occupied and then data must be collected for the period indicated in the contract. This report is a workbook in MS Excel designed to capture income and race/ethnic data on individuals served by the project. The workbook contains an “Instructions” tab and tabs for each quarter. Detailed instructions are included in the instructions tab for completing the table. The quarters are linked so data from one quarter will carry to the next quarter for cumulative totals. Please use the most current HUD Income Limits to determine which income category individuals are in.

Income Limits can be obtained from the following web site:

<http://www.huduser.org/portal/datasets/il.html>

HUD has also developed and Income Calculator to assist in determination of income. The Calculator is easy to use and is available at:

<https://www.onecpd.info/incomecalculator>

HOME Set-Up & Completion Reports: These reports are completed when beneficiary information is available and the HOME funded unit is occupied. The type of report will depend on the activity:

- Rental Set Up & Completion Report
- Homeowner Rehabilitation Set Up & Completion Report
- Homebuyer Set Up & Completion Report

Economic Development Reports: Capital projects funded with CDBG Economic Development funds must report specific information related to job creation/retention and public benefit. Information must be collected for the employer and for employees hired or retained.

The following report forms will be required:

- Employer Statement: This form collects information on the business assisted with CDBG funds.
- Employee Statement: This form collects information for each new employee including name, address, job title, job description, race/ethnicity, disability, and income at hiring.

Monitoring

Desk monitoring of organizations with open contracts occurs during the program year as Reimbursement Requests are submitted. Reports are reviewed and agencies are contacted as needed regarding additional information specific to their project. Agencies are encouraged to communicate with their project manager regarding any questions or concerns that arise during the program year.

Block Grant staff also conducts annual on-site monitoring with all agencies that have open contracts for CDBG/HOME funds. Monitoring visits generally take place during December/January and may be conducted via Zoom or on-site. During the visit a Monitoring Checklist is used to review project compliance and covers the following areas:

- ✓ Management System Review
- ✓ General Record Keeping
- ✓ Eligibility Requirements
- ✓ Financial Management
- ✓ Cost Eligibility
- ✓ Program Income
- ✓ Procurement Standards
- ✓ Compliance with other Federal Regulations
- ✓ Project Specific compliance

Block Grant staff will review files and meet with project staff to complete the checklist and discuss questions or concerns they may have. Block Grant staff will then prepare a monitoring letter and note any concerns and required corrective actions, including a date for completion. Once all issues have been satisfactorily resolved, a monitoring close-out letter will be sent.

For information on project close out and on-going monitoring of capital projects please refer to **Section J: Project Closeout and On-going Monitoring**.

Procurement

PROCUREMENT

Overview

The purpose of the procurement requirements is to ensure that services and materials are purchased as efficiently and economically as possible, and to ensure compliance with applicable federal law.

Procurement Applicability

- Organizations who receive **CDBG funding or HOME funds as a subrecipient** (not as an owner/sponsor/developer) are subject to requirements in **2 CFR Part 200.320** and detailed below in part A.
- Projects receiving **HOME for development by an owner/sponsor/developer**, are not subject to requirements under 2 CFR Part 200 but must follow a procurement process as outlined in part B.
- **Other Requirements** – Conflict of interest, Build America Buy America, Section 3, Davis Bacon, Excluded Parties and Contract Retainage requirements are outlined in part C.

A. CDBG and HOME Subrecipient

General Procurement Provisions

Any grant recipient using CDBG or HOME funds to purchase goods or services must have written procurement procedures in place (2 CFR Part 200.319 (c)). Whether you are a small agency purchasing occasional office supplies or a large organization contracting for millions of dollars of construction services, the requirements governing the purchasing process are designed to ensure that you:

- Follow a **free and open competitive process** in securing those products or services.
- Properly **document** your purchasing activities and decisions.
- Observe the special **rules for particular kinds of purchases** (small purchases, competitive sealed bids, competitive proposals, and sole source procurements).
- **Properly bond and insure** work involving large construction contracts and/or subcontracts.
- Use **local businesses** and contract with **small, minority and/or women-owned businesses** to the maximum extent feasible.

The essence of good procurement can be summarized as follows:

- Identify and clearly specify standards for the goods or services your organization wants to obtain;
- Seek competitive offers to obtain the best possible quality at the best possible price;
- Use a written agreement that clearly states the responsibilities of each party;
- Keep good records; and
- Have a quality assurance system that helps your organization get what it pays for.

Solicitations must clearly explain all requirements that the bidder/offeror must fulfill in order for his or her bid/offer to be evaluated by the organization. Solicitations for goods and services must be based on a clear and accurate description of the material, product, or service to be procured, and cannot contain features with unduly restrict competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable qualifying requirements on firms.
- Requiring unnecessary experience and excessive bonding.
- Specifying only “brand name” products instead of allowing “an equal” product.
- Noncompetitive pricing practices between firms or affiliated companies.
- Noncompetitive awards to consultants on retainer contracts.

Methods of Procurement

There are several methods of procurement that are identified in federal regulations (2 CFR Part 200):

Micro-purchases

Small purchase procedures

Formal procurement methods including:

- Sealed Bids
- Competitive proposals; and
- Non-competitive proposals

I. Micro-purchase

The micro-purchase procedures allows the purchase of supplies or services totaling **no more than \$10,000**, using a simplified acquisition procedure.

II. Small Purchase Procedures - \$10,000 to \$250,000

The small purchase procedures applies to purchases over \$10,00 and under \$250,000 (the current simplified acquisition threshold) and allows recipients to acquire goods and services without publishing a formal request for proposal or invitation for bid.

- a. This method of procurement is typically used to purchase commodities such as supplies, equipment or other materials. The process is relatively simple, informal and does not necessarily involve competitive sealed bidding.
- b. Under the small purchase method, a grant recipient would send a request for quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written quotations from an adequate number of qualified sources. A minimum of three competitive price quotes should be obtained.
- c. The small purchase method can also be used to acquire eligible types of services, such as professional consulting, environmental review, or planning. In general, the small purchase procedures should not be used to acquire construction contractors. It is recommended that these occur under the sealed bid approach.
- d. No cost or price analysis is required.

III. Formal Procurement Methods - \$250,000 or greater

A. Sealed Bids

Sealed bids (Formal Advertising) should be used for all construction contracts or for goods costing more than \$250,000.

1. Competitive sealed bidding requires publicly solicited sealed bids and a firm-fixed-price lump sum or unit price contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is lowest in price.
2. In order for formal advertising to be feasible, the following minimum conditions must be present:
 - a. A complete, adequate and realistic specification or purchase description is available.
 - b. Two or more responsible suppliers are willing and able to compete effectively for the work.
 - c. The procurement lends itself to a firm fixed-price contract, and the selection of the successful bidder can appropriately be made principally on the basis of price.

3. When the competitive sealed bid (formal advertising) process is used, the following requirements apply:
 - a. Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
 - b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - c. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
 - d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - e. Any or all bids may be rejected if there is a sound documented reason.

B. Competitive Proposals

Competitive proposals are used to purchase professional services where the total cost will exceed \$250,000 and conditions are not appropriate for the use of sealed bids such as to purchase professional services. They are awarded in accordance with the following requirements:

- a. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- b. The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;
- c. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and
- d. The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort.

When Competitive Proposals are utilized, the following requirements apply.

- A. Publication Period: Proposals must be solicited from an adequate number of qualified sources and an advertisement must be published. RFP's/RFQ's should be published in a sufficient timeframe before they are due.
- B. Clear Definition: The RFP/RFQ must identify the general scope of work and all significant factors of evaluation, including price where appropriate, and their relative importance.
- C. Technical Evaluation: A written method for technical evaluation of the proposals received, determinations of responsible offeror and the selection for contract award should be established.
- D. Award: Award must be made to the responsible offeror whose proposal will be most advantageous to the procuring party, price and other factors considered. Unsuccessful offerors should be notified promptly. The contract can be either a fixed price or a cost reimbursement type.

IV. Non-competitive Proposals (Sole Source)

Non-competitive procurement should only be used when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies:

- a. Where the item is available only from a single source;
- b. Where a public emergency or urgent situation is such that the urgency will not permit a delay beyond the time needed to employ one or the other procurement methods; or
- c. Where after solicitation of a number of sources, competition is determined inadequate.
- d. The Block Grant Program, as the Federal awarding agency, expressly authorizes noncompetitive proposals in response to a written request from the subrecipient.

Bonding

For construction or facility improvement contracts or subcontracts exceeding \$150,000, subrecipients are required to have adequate bonding policy and requirements. The minimum requirements are as follows:

- A **bid guarantee** from each bidder equivalent to **5% of the bid price**. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- A **performance bond** on the part of the contractor for **100% 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% 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.

Bid and Contract Language

Bid packages and agreements made for professional services or construction **must contain certain language to comply with federal regulatory requirements**. The Block Grant Office will provide a Bid and Contract Requirements checklist that is specific to your project.

B. HOME - Owner/Sponsor/Developer Requirements

HOME funds awarded to owner/sponsor/developers for rehabilitation or construction of housing are not required to follow the procurement requirements of 2 CFR Part 200. However, in order to ensure project costs are reasonable and to meet requirements for HOME funds your organization should have written purchasing policies and procedures that address:

- A free and open competitive process to obtain the best possible quality at the best possible price including a process to ensure costs are reasonable for the type of project.
- Use of local businesses and contracting with small, minority and/or women-owned businesses to the maximum extent feasible.
- Proper documentation of your purchasing activities and decisions. • Use of a written agreement that clearly states the responsibilities of each party;
- A quality assurance system that helps your organization get what it pays for.
- Bonding and insurance for contractors and work performed.

Bid and Contract Language

Bid packages and agreements made for professional services or construction **must contain certain language to comply with applicable federal regulatory requirements such as Build America Buy America, Section 3 and Davis Bacon**. The Block Grant Office will provide a Bid and Contract Requirements checklist that is specific to your project.

C. Other Requirements

MBE/WBE Outreach

To encourage small minority and women’s business enterprise participation, contractors are encouraged to take actions that would increase opportunities for small and minority businesses and women’s business in subcontracting. Affirmative steps include, but are not limited to:

- Placing qualified small and minority and women’s business enterprises on solicitation lists;
- Assuring that these firms are solicited whenever they are a potential source;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- Establishing delivery schedules, where the requirement permits, which encourage participation by these firms;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Dept. of Commerce.

Competitive Proposal Outreach

Agencies are encouraged to submit RFQ/RFP or bid documents to locations which will best reach potential bidders. The following plan centers may be helpful:

Seattle Daily Journal of Commerce <http://www.djc.com/cust/IntroPages/JobsIntro.php>
 Contractor Plan Center, Inc. <http://www.contractorplancenter.com/>

Conflict of Interest

Conflict of Interest covered by 2 CFR 200 provisions:

In the procurement of property and services by CDBG and HOME subrecipients the conflict-of interest provisions at 2 CFR 200.318 must be followed. These regulations require subrecipients to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

- Require that no employee, officer, agent of the grant recipient shall participate in the selection, award or administration of a contract supported by CDBG or HOME if a conflict-of-interest, either real or apparent, would be involved;
- Require that employees, officers and agents of the grant recipient not solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub-agreements; and
- Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a **financial or other interest** in a firm selected for award:

- A employee, agent or officer of the organization;
- Any member of an employee’s, agent’s or officer’s immediate family including partner; or
- An organization that employs or is about to employ an employee, agent or officer of the grant recipient.

Activities covered by HOME regulations:

1. In cases not covered by 2 CFR Part 200, the HOME regulations at 24 CFR 92.356 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the subrecipient. The HOME regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to HOME activities or who is in a position to participate in decisions or gain inside information:
 - a. May obtain a financial interest or benefit from a HOME activity; or
 - b. Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.
2. This requirement applies to covered persons during their tenure and for one year after leaving the organization.
3. The HOME Final Rule includes a provision which states that no owner, developer or sponsor of HOME-assisted housing, including their officers, employees, agents, consultants, elected or appointed officials, or immediate family members (of either the owner, developer, sponsor or officers, employees, agents, elected or appointed officials, or consultants), may occupy a HOME assisted unit in a development. This provision **does not** apply to:
 - a. An individual receiving HOME funds to acquire or rehabilitate his/her principal residence, or
 - b. An individual living in a HOME-assisted rental housing development where he/she is a project manager or a maintenance worker in that development.

Build America Buy America Act (BABA)

Capital construction projects shall meet the requirements, where applicable, of the Build America, Buy America Act, included in the Infrastructure Investment and Jobs Act signed into law on November 15, 2021, Pub. L. No. 117-58 §§ 70901-52. **The Act requires the following Buy America preference for projects of more than \$250,000 (all funds, not just CDBG or HOME funds).** If total project cost does not exceed the simplified acquisition threshold value of \$250,000, then BABA does not apply.

BABA Applicability:

- a) **Iron and Steel (FY 2023 CDBG Funds and later, HOME obligated by HUD Aug. 23, 2024 or later):** All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
- b) **Construction Materials (FY 2024 CDBG Funds and later, HOME obligated by HUD Aug. 23, 2024 or later):** All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States. Excludes cement and cementitious materials, aggregate such as stone, sand, or gravel, or aggregate binding agents or additives. Specifically listed materials depend on the year of funding:

- a. **2024 CDBG Funds or later:** includes metals other than iron or steel, lumber, composite building materials (including polyvinylchloride and polymers used in fiber optic cables), plastic and polymer-based pipe and tube.
 - b. **2025 CDBG Funds or later:** includes glass (including optic glass), drywall.
- c) **Manufactured Products (FY 2025 CDBG Funds and later, HOME obligated by HUD Aug. 23, 2024 or later):** Manufactured products include articles, materials, or supplies that have either been:
- Processed into a specific form or shape, or
 - Combined with other articles, materials, or supplies to create a product with different properties than the individual articles, materials, or supplies.

BABA does not apply to tools, equipment, and supplies such as temporary scaffolding, brought to the construction site and removed before the completion of the project. Nor does the Act apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished project, but are not an integral part of the structure or permanently affixed to the project.

Contract Retainage

- The County/City will withhold up to 15% of the CDBG or HOME award amount included in the written subrecipient agreement until all federal compliance requirements are met.
- All construction contracts between a grant recipient and contractor shall have 10% of payment retained until fulfillment of federal compliance is documented.

Excluded Parties

Grant recipients must not enter into any contract with any organization which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension". All contractors must be registered in the System for Awards Management, go to <http://sam.gov/>. This applies to any CDBG or HOME assisted contract at any tier in the process. **Firms or contractors must be checked on the federal database before a contract is signed.**

Section 3

Section 3 of the Housing and Urban Development Act of 1968 is HUD's legislative directive for providing preference to low- and very low-income residents of the local community and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects. **As a condition of receiving more than \$200,000 of HUD Community Development**

Block Grant (CDBG) and/or HOME Investment Partnership (HOME) funds, grant recipients must comply with the requirements of Section 3 if the funding will be invested into a project involving housing construction, demolition, rehabilitation, or other public construction – i.e., roads, sewers, community centers, etc. The requirements apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted with CDBG or HOME. For details on the requirements of Section 3, see Guidebook Appendix 2 Section 3 Requirements

Federal Labor Standards – Davis Bacon

If the project meets the threshold for Davis Bacon, the project will be required to meet Federal Labor Standards Provisions including payment of federal prevailing wage. The requirements are detailed in Guidebook Section I Labor Standards, Construction & Lead Safe Housing.

Environmental Review

ENVIRONMENTAL REVIEW

Introduction to the Environmental Review

CDBG and HOME regulations require the preparation of a project Environmental Review Record (ERR) and environmental clearance from HUD before **any** funds (federal or otherwise) are expended or costs incurred. The environmental review process covers all phases of the project, whether the project is funded in whole or in part by CDBG or HOME funds. The overall governing regulation is the National Environmental Policy Act (NEPA).

Some activities, such as public services that will not have a physical impact or result in any physical change to the environment, are Exempt. The environmental review for these types of activities will be completed by staff at the beginning of the program year so projects may begin to incur costs.

All other types of activities will require some level of review and the organization carrying out the project may be asked to assist in the development of the ERR by providing additional information, maps, site data or specialized study or site assessment. The level of review will depend on the type of activity.

Some capital projects which require permits through the City or County may also trigger an environmental review under the State Environmental Policy Act (SEPA). For these types of projects special conditions and mitigation measures required by the SEPA will be included in the NEPA review. These reviews can run concurrently however the NEPA requires additional time for public comment and issuance of an Authority to Use Grant Funds notice from HUD before the project can proceed.

Federal Regulation

The environmental review process consists of all the actions that a Responsible Entity must take to determine compliance with federal regulations at 24 CFR Part 58. HUD requires that Responsible Entities (RE) shall assume the responsibility for environmental review, decision-making, and action that would otherwise apply to HUD under NEPA and other provisions of law that further the purposes of NEPA, as specified in 24 CFR Part 58.5. The City of Bremerton is the Responsible Entity for City of Bremerton CDBG projects and Kitsap County is the Responsible Entity for HOME projects and Kitsap County CDBG projects.

Therefore, depending on the location of the project, the appropriate jurisdiction will facilitate the environmental review and will work closely with your organization toward an action. In the case that one project is jointly funded by both agencies, there will be two separate NEPA actions taken by each, though the review itself may be the same.

Under HUD regulation, there are four types of environmental review:

1. Exempt Activities (24 CFR 58.34)

Exempt activities include such things as:

- Environmental and other studies, resource identification, and the development of plans and strategies;
- Information and financial services;
- Administrative and management activities;
- Public services that will not have a physical impact or result in any physical changes;
- Inspections and testing of properties for hazards or defects;
- Purchase of insurance;
- Purchase of tools;
- Engineering or design costs;
- Technical assistance and training;
- Other activities that will not have a physical impact or result in physical changes, as determined by HUD.

The most common type of environmental review exemption is that of public services. So long as your organization's public service project or program funded by CDBG will not have a physical impact or result in any physical changes, staff will complete an environmental review exemption and your project will be able to begin incurring costs upon such notification.

Conversely, all capital projects funded by CDBG or HOME will require an environmental review at some level, depending on the scope of the project, as described below.

2. Categorical Exclusion (24 CFR 58.35)

Categorical exclusion refers to a category of activities for which no Environmental Impact Statement (EIS) or Environmental Assessment (EA) and finding of no significant impact (FONSI) under NEPA is required, except in extraordinary circumstances in which a normally excluded activity may have a significant impact. There are two types of categorical exclusions, those that are subject to part 24 CFR 58.5 and those that are not subject to part 24 CFR 58.5.

Categorical Exclusion NOT Subject to Part 58.5 (24 CFR 58.35)

The following activities are categorically excluded under NEPA and **not** subject to review under 24 CFR 58.5 but will still be reviewed for floor disaster protection, coastal barrier resources and airport hazards.

The following activities fall under this category:

1. Tenant-based rental assistance
2. Supportive Services
3. Operating Costs
4. Economic Development Activities (not associated with construction or expansion)

5. Activities to assist homeownership of existing or dwelling units under construction not assisted with Federal funds including closing costs and down payment assistance to homebuyers and interest buydowns or other actions resulting in transfer of title
6. Affordable housing pre-development costs
7. Approval of supplemental assistance (including insurance or guarantee) to a project previously approved under Part 58, if:
 - a. the same responsible entity conducted the environmental review on the original project and re-evaluation of the environmental findings is not required under Section 58.47

Categorical Exclusion Subject to Part 58.5 (24 CFR 58.35)

The following activities are categorically excluded under NEPA but subject to review under 24 CFR 58.5. The review will include things such as floodplain, airport hazards, historic preservation, wetland protection, sole source aquifers, endangered species, clean air, farmland protection, noise, toxic chemicals, and others. The following activities fall under this category:

- Acquisition of an existing building;
- Repair, improvement, reconstruction, or rehabilitation of the following:
 - public facilities and improvements, so long as the use remains the same and the size or capacity is not changed by more than 20%
 - one to four residential units so long as the density is not increased beyond 4 units, the land use is not changed, and the footprint of the building is not increased in a floodplain or wetland.
 - multifamily housing (5 or more units) so long as the unit density is not changed more than 20%; the project does not involve a change in land use and the estimated cost of rehab. is less than 75% of the total estimated cost of replacement after rehabilitation.
 - Commercial structures and public buildings so long as the facilities and improvements are in place and will not be changed in size or capacity by more than 20% and the activity does not involve a change in land use.
- Other actions that are subject to this type of review include: removal of architectural barriers restricting mobility of and accessibility to elderly and disabled persons, rehabilitation of buildings and improvements under certain circumstances, and any individual action on up to four dwelling units.

3. Environmental Assessment (24 CFR 58.36)

If a project is not exempt or categorically excluded, as described above, an Environmental Assessment (EA) must be conducted. An EA is a much more in-depth review of the project and examines all of the project's potential impact on environmental conditions, including socioeconomic impact, community facilities and services, and natural features.

This review is triggered when there are federal funds in a project involving:

- Acquisition of vacant land;
- Construction of a new public facility or housing; or
- Major rehabilitation, reconstruction or improvement to an existing building.

The EA is the most common type of review for these types of projects, vary rarely is an EIS required. This type of review is often conducted concurrently with submission of a project for development permits. The agency carrying out the project is then responsible for implementing any specific mitigation measures included in the review to lessen an environmental impact and the Block Grant Office is responsible for ensuring that such mitigation is implemented appropriately.

- At a minimum the following documents will be required to begin the review:
- Phase I Environmental Site Assessment. If Recognized Environmental Conditions are found, a Phase II or other study may be required.
- Stormwater Design/Drainage Report
- Civil Engineering Site Plan and Architectural Plans
- Other studies as required to obtain permits (e.g. Geotechnical Report, Traffic Study, etc.)
- Preapplication Meeting notes from the permitting jurisdiction indicating utility service providers.

4. Environmental Impact Statement (24 CFR 58.37)

In such instances where the complexity of the project exceeds the scope of an EA, or the project has potentially significant impacts on the surrounding environment, an Environmental Impact Statement (EIS) may be required according to 24 CFR 58.37. An EIS is a detailed written statement for a proposed major Federal action significantly affecting the quality of the human environment. Since an EIS deals with a project that may potentially significantly affect the environment, the review is understandably much more in-depth and comprehensive. An EIS is generally prepared by a third-party environmental consultant offering expertise in the area, since the capacity needed to prepare the EIS is greater than either the City or the County Block Grant Programs.

Satisfactory fulfillment of NEPA and Timelines

In order to proceed with your project you must receive written environmental clearance from the County and/or City, proving that the environmental review has fulfilled the requirements under NEPA. The type of clearance will differ depending on the level of environmental review.

Exempt Activities and Categorically Excluded Activities

Due to the nature of projects falling under the exempt or categorically excluded reviews, fulfillment of NEPA requirements is relatively straightforward and expeditious. Once the review is complete your organization will receive a "Notice to Proceed" which will allow you to begin to incur costs.

The timeline for these types of reviews will vary depending on the type of project from a few days for a public service activity to several weeks for a typical project involving minor rehabilitation or acquisition. Rehabilitation projects with more complex issues may take several months to complete.

Environmental Assessment Activities

The more in-depth review required of the Environmental Assessment (EA) is indicative of its more rigorous requirements for fulfillment of NEPA. Additionally, for this type of review there is a required public comment period and subsequent response to public comments if received. **This type of review will generally take 4 to 6 months.**

The timeline for the EA will depend on several factors including:

- Completion of project appropriate site studies such as a Phase I Environmental Site Assessment, Geotechnical Report, Traffic Analysis, Habitat Management Plan, Wetland Review, etc;
- Submission of project application to the local jurisdiction triggering a SEPA review;
- Additional requirements for further studies as determined through the environmental review process (i.e. Noise Study, Cultural Site Assessment).
- Public comment periods.

The EA will require two public comment periods; a 15-day comment period when the Block Grant office issues a Determination and another 15-day comment period published by HUD for the release of funds. Once the public comment periods are complete, and comments have been addressed, HUD will issue an Authority to Use Grant Funds. The project will then be given a Notice to Proceed.

Environmental Impact Statement

Like the EA, the more in-depth review required of the Environmental Impact Statement (EIS) will require additional time as well as a required public comment period and subsequent response to public comments if received. The timeline for completion of an EIS is difficult to estimate and depends on the complexity of the project. Projects that trigger an EIS will need to allow a significant amount of time for completion based on estimates provided by qualified professionals with experience in the preparation of this type of review. As mentioned previously, most projects funded will not require this level of review.

Record Keeping

All documents that are a part of the environmental review record (ERR) are required to be kept by the City and/or County as documentation of the process that was undertaken. Your organization will be provided a Notice to Proceed which should be maintained in the project file.

Equal Opportunity and Accessibility

EQUAL OPPORTUNITY AND ACCESSIBILITY

OVERVIEW OF FEDERAL REGULATORY REQUIREMENTS

In addition to the rules and requirements for HOME and CDBG, there are other additional broad Federal rules that must be followed. The Federal requirements in this section address non-discrimination and equal access to programs and projects funded with HOME or CDBG. Grant recipients must ensure that no persons or group is denied project benefits or employment, training, business, contracting or housing opportunities on the basis of race, national origin, religion, color, sex, age, or handicap.

Fair Housing and Equal Opportunity

No person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded, denied benefits or subjected to discrimination under any program funded in whole or in part by CDBG or HOME funds. This applies to employment and contracting, as well as to marketing and selection of program participants.

- Title VI of the Civil Rights Act of 1964: No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal assistance on the basis of race, color or national origin (24 CFR Part 1).
- Equal Opportunity in Housing: Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds (24 CFR Part 107).
- Age Discrimination Act of 1975: Prohibits age discrimination in programs receiving Federal financial assistance (24 CFR Part 146).

Any grant recipient that receives CDBG or HOME funds must have a written and adopted policy of non-discrimination and equal opportunity. This policy should cover employees, volunteers and program participants.

- The Fair Housing Act: Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status (24 CFR Part 100-115). The Fair Housing Act covers most housing, with a few exceptions. If your project is for housing your organization will want to be aware of requirements under the Fair Housing Act and develop appropriate policies to ensure compliance. See Appendix 3 for additional information on the Fair Housing Act.
- Violence against Women Reauthorization Act of 2013: Extends the basic protections (e.g. no eviction or termination due to a tenant's status as a victim of domestic violence) to tenants residing in HOME-assisted housing.

HOME Funded Housing – Affirmative Marketing

Grant recipients that receive HOME funds for housing projects with 5 or more HOME assisted units must have an affirmative marketing plan. This plan should address:

1. Methods for informing tenants about fair housing laws;
2. A description of what will be done to affirmatively market the housing;
3. A description of what the property owner/manager will do to inform persons not likely to apply for housing without special outreach;
4. Maintenance of records to document actions taken to affirmatively market the housing and assess marketing effectiveness.

Handicapped Accessibility

- Americans with Disabilities Act: Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, also referred to as the ADA, also states that discrimination includes the failure to design and construct facilities that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communication barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable and able to be carried out without much difficulty or expense.
- Section 504 of the Rehabilitation Act of 1973: Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs on the basis of handicap. Section 504 imposes requirements to ensure that “qualified individuals with handicaps” have access to programs and activities that receive Federal funds.
 - ✓ For any grant recipient principally involved in housing or social services, **all** of the activities of the agency – not just those directly receiving Federal assistance – are covered under Section 504.
 - ✓ Contractors and vendors are subject to Section 504 requirements only in the work they do on behalf of a grant recipient.
 - ✓ Under Section 504, grant recipients are not required to take actions that create undue financial and administrative burdens or alter the fundamental nature of the program.

The specific requirements under Section 504 are summarized in **Appendix 3**.

Equal Opportunity for Employment and Contracting

CDBG and HOME require compliance with the regulations discussed below governing employment and contracting opportunities. These concern equal opportunity, labor requirements and contracting/procurement procedures.

- Equal Employment Opportunity: Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. (41 CFR Part 60)
- Minority/Women's Business Enterprise: Requires outreach to include, to the maximum extent possible, minority and women owned businesses in contracting. (24 CFR 85.36(e)).

Section 3 Preference

Section 3 of the Housing and Urban Development Act of 1968 is HUD's legislative directive for providing preference to low- and very low-income residents of the local community and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects. As a condition of receiving more than \$200,000 of HUD Community Development Block Grant (CDBG) and/or HOME Investment Partnership (HOME) funds, grant recipients must comply with the requirements of Section 3 if the funding will be invested into a project involving **housing construction, demolition, rehabilitation, or other public construction – i.e., roads, sewers, community centers, etc.** The project is the site or sites together with building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The requirements apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted with CDBG or HOME.

Section 3 sets a benchmark goal for projects to have 25% of workers qualify as a Section 3 workers which means they have income below 80% of area median income (as published annually by HUD) or are employed by a Section 3 Business or a YouthBuild participant.

For more information on compliance with Section 3 requirements, including how to demonstrate compliance, see **Appendix 2**.

Acquisition and Relocation

ACQUISITION & RELOCATION ANTI-DISPLACEMENT & RELOCATION ASSISTANCE PLAN

Introduction

Applicants for federal funds must comply with the **Uniform Relocation Assistance and Real Property Acquisition Policies Act** of 1970, referred to as URA. URA regulations, at 49 CFR Part 24, apply to any federally-assisted project involving acquisition, demolition or rehabilitation. This is true whether or not CDBG or HOME actually funded the acquisition, demolition or rehabilitation itself. URA applies to the project as a whole.

The URA protects all persons who are displaced by a federally assisted project, regardless of their income. This is in contrast to Section 104(d) which only protects displaced persons whose income is at or below 80% of the area median income. The URA also protects businesses located in a building acquired, demolished or rehabilitated with federal funds.

The URA's main objectives are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally-funded projects.
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement.
- To ensure that no individual or family is displaced unless Decent, Safe and Sanitary housing is available within the displaced person's financial means.
- To help improve the housing conditions of displaced persons living in substandard housing.
- To encourage and expedite acquisition by agreement and without coercion.

This section of the guidebook briefly highlights key URA relocation requirements and concepts. However, it does not contain everything you need to know about relocation, or real estate acquisition requirements under the URA or other applicable federal rules such as Section 104(d). Subrecipients are encouraged to review the **HUD Handbook 1378 Tenant Assistance Relocation and Real Property Acquisition** which can be found on HUD's web site at: www.hud.gov/relocation. You are also encouraged to contact Block Grant staff and ask questions before you begin a project.

Real Property Acquisition

- A. When acquisition of real property is the result of a voluntary proposal which has been submitted by an owner in response to a public invitation or solicitation for offers, it is referred to as voluntary acquisition. In contrast, acquisition of property by the local government entity which is not voluntarily offered for sale is referred to as involuntary acquisition. Voluntary Acquisition must adhere to the following procedures:
 - a) Determine if the housing unit is a low/moderate income dwelling unit and if so contact the Block Grant Program office.

- b) Clearly advise the owner that in the event negotiations fail to result in an agreement the property will not be acquired.
 - c) Arrange for a full independent narrative appraisal of the property by a qualified appraiser.
 - d) Inform the owner of what the agency believes to be fair market value of the property and that the agency does not have the authority to acquire the property by eminent domain. (HUD Guideform **Notice of Voluntary Arms Length Transaction** is available from the Block Grant Office)
- B. All acquisitions must go through real estate escrow. The escrow agent must be a neutral third party to the acquisition.
- C. All acquisitions must have title insurance.
- D. All acquisitions will need a notice of some kind. All occupants are entitled to timely notice explaining whether or not they will be displaced.
- Occupants to be displaced must be informed of their eligibility for relocation assistance and the nature of the assistance.
 - Occupants not to be displaced must be informed of the terms and conditions under which they may occupy the property upon completion of the project.

Notices

- **General Information Notice (GIN):** Informs occupants of a possible project and of their rights under URA. Stresses that the occupants should not move at this time.
- **Move-in Notice** informs tenants moving into potential projects after the application that may be displaced and that they will not be entitled to assistance.
- **Notice of Non-Displacement** informs occupants who will remain in the project after completion of the assisted activity of their rights and of the terms and conditions of their remaining at the property.
- **Temporary Relocation Notice** informs occupants who will be temporarily relocated of their rights and of the conditions of their temporary move.
- **Notice of Eligibility** informs occupants to be displaced of their rights and levels of assistance under federal law.
- **90 and 30 Day Notices** informs displaced occupants of the day by which they must vacate the property.

These and other Guideform Notices from HUD can be obtained by contacting the Block Grant Office.

Planning For Relocation Under URA

- A. Minimizing Displacement: It is the policy of the City of Bremerton and Kitsap County Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs to minimize displacement of people or businesses as a result of activities assisted with CDBG or HOME funds. This means:
- a) Considering whether displacement will occur and how this would affect the feasibility of the project.
 - b) Identifying potential relocation workload and resources early.
 - c) Assuring, whenever possible, that residential occupants of buildings to be rehabilitated are offered an opportunity to return.
 - d) Planning rehabilitation projects to include “staging” where this would minimize displacement.
- B. Relocation Assistance for Displaced Residents
Relocation is defined as the permanent movement of occupants/tenants, required as a result of a CDBG or HOME activity. Federal regulations require that if any individuals, families, businesses or farms are displaced the grant recipient must:
- a) Inform the person(s) that they may be displaced and generally describe the relocation payment(s) for which they may be eligible, the basic conditions of eligibility, and the procedures for obtaining payment(s).
 - b) Inform the person that they will not be required to move without at least 90 days advance written notice and that the person to be displaced cannot be required to move permanently unless at least one comparable replacement dwelling unit has been made available.
 - c) Inform the person that they will be given reasonable relocation advisory services, including referrals to replacement properties, help in filing payment claims, and other necessary assistance to help them relocate.
 - d) Provide the person with a description of their right to appeal any determinations for assistance under the Uniform Relocation and Real Property Acquisition Act (49 CFR, Part 24).
 - e) Assure that those persons who are required to relocate receive their full replacement housing payments, moving, and related expenses.

C. Rights of Residents who Remain in the Project

a) Remaining Households must be offered affordable Housing.

- Tenants who are intended to remain in the project must receive the offer of a “suitable” unit which can be rented at an “affordable” price. Determining which tenants will be able to remain in the project is a key component of determining the feasibility of an occupied project.

b) Temporary Relocation

- Residents who will remain in the project after rehabilitation may be required to move temporarily during rehabilitation.
- The temporary dwelling must be suitable and decent, safe and sanitary but not necessarily comparable.
- In addition to the Notice of Non-displacement, the resident must, as a minimum, receive reasonable advance written notice of the date and approximate duration of the planned temporary move; information about the terms and conditions under which the tenant will be returning to when the project is completed; and reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary move.

c) Permanent Moves Within the Project

- Tenants may be allowed to remain in a project after rehabilitation, but not necessarily in the same unit.
- Permanent moves within the same project must be to suitable, decent, safe and sanitary - but not necessarily comparable – units.
- In addition to the Notice of Non-displacement, the resident must, as a minimum receive reasonable advance written notice of the date of the planned move to an alternate unit and; reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

Section 104(d) - Replacement of Housing

Section 104(d) of the Housing and Community Development Act of 1974 as amended requires the one-for-one replacement of low/moderate income occupied or occupiable dwelling units which are demolished or converted to a use other than low/moderate income housing as a direct result of CDBG or HOME assistance. Under this section relocation assistance shall be provided in accordance with 24 CFR Part 42.350. One for one replacement of units shall be provided in accordance with 24 CFR Part 42.375.

All comparable replacement housing will be provided within one year prior to or three years after commencement of the demolition or conversion. Before entering into a contract committing the City to provide funds for an activity that will directly result in demolition or conversion, the City of Bremerton will require the applicant to publish a notice in the newspaper, and the City of Bremerton will submit to HUD, the following information in writing:

- 1) Description of proposed assisted activity;
- 2) The address, number of bedrooms and map of location of the lower income housing that will be lost as a result of the project;
- 3) Time schedule for start and completion of the demolition or conversion;
- 4) To the extent known, the address, number of bedrooms and map of the location of replacement housing that has or will be provided. If such data are not available at the time of the general submission, City of Bremerton/Kitsap County will identify the general location on an area map and information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as it is available;
- 5) Basis for concluding replacement housing will remain a low-income unit for at least 10 years from the date of initial occupancy;
- 6) Information demonstrating that any proposed replacement of housing units, that are different in size from those units lost, is appropriate and consistent with housing needs and priorities identified in the Consolidated Plan.

Documents and Record Keeping

Documenting compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act is the responsibility of the grant recipient undertaking the project. Proper notification must be undertaken early in the project and copies of all notices provided must be kept. Block Grant staff will assist by providing guidance and applicable guideform notices for use on the project. All correspondence must be kept by the grant recipient and provided to Block Grant staff for review upon request.

DEFINITIONS

Comparable replacement dwelling unit: A unit that meets the criteria of 49 CFR 24.2(d)(1) through (6); and is available at a monthly cost for rent that does not exceed the "Total Tenant Payment" determined under 24 CFR Part 42 813.107.

Conversion: This term means altering a housing unit so that it is used for non- housing purposes; used for housing but no longer meets the definition of lower income dwelling unit; or used as an emergency shelter.

Lower-Income Dwelling Unit: A dwelling unit with a market rent (including utility costs) that does not exceed the applicable Fair Market Rent (FMR) for Section 8 existing housing established under 24 CFR part 888. However, the term does not include any unit that is owned and occupied by the same person before and after the assisted rehabilitation.

Vacant occupiable dwelling unit: a vacant dwelling unit that is in a standard condition; vacant dwelling unit that is in a substandard condition but is suitable for rehabilitation; or a dwelling unit in any condition that has been occupied (except by a squatter) at any time within the period beginning 3 months before the date of execution of the agreement by the recipient covering the rehabilitation or demolition.

**LABOR
STANDARDS,
CONSTRUCTION
AND LEAD SAFE
HOUSING**

LABOR STANDARDS, CONSTRUCTION AND LEAD SAFE HOUSING

Overview

This section will cover Labor Standards, Construction/Rehabilitation requirements and Lead Safe Housing requirements for projects funded with CDBG or HOME. Hiring professional services and contractors is covered in Section E Procurement.

Davis-Bacon and Other Labor Laws

The **Davis-Bacon Act** requires the payment of prevailing wage rates (which are determined by the U.S. Dept. of Labor) to all laborers and mechanics on Federal government construction (including rehab) projects in excess of \$2,000, with some exceptions for housing projects:

- HOME funded projects with less than 12 “HOME assisted” units
- CDBG funded residential projects with less than 8 units

Other laws applicable to projects involving construction work include:

The Contract Work Hours and Safety Standards Act which requires time and one-half pay for overtime hours (over 40 in any workweek) worked on the covered project.

The Copeland Act makes it a Federal crime for anyone to require any laborer or mechanic employed on a Federally-assisted project to kickback (i.e. give up or pay back) any part of their wages.

The Fair Labor Standards Act contains minimum wage rates, overtime and child labor requirements.

1. Construction Contract Provisions

Each contract subject to Davis-Bacon labor standards requirements must contain **Federal Labor Standards Provisions** (HUD form 4010) and a **Davis-Bacon wage decision**. These documents are normally bound into the contract specifications and can be obtained from Block Grant staff. It is important that any bid solicitations are based on the correct Federal prevailing wage rates. These rates may be different from the State prevailing wage rate or local wage rate for a trade or job classification.

2. Contract Award

Once you have selected a contractor you must check the General or Prime Contractor for Debarment. Go to <http://www.sam.gov> and do a search or contact the Block Grant office and we will perform the search. You cannot contract with any debarred firm or individual. You should also provide the Block Grant office with a **Davis Bacon Construction Contract Award** form. This form contains basic information about the Prime Contractor.

3. Preconstruction Conference

Once a contractor has been selected for the project a preconstruction conference will be scheduled and includes the agency/project developer, principal contractor selected and staff from the Block Grant office. The principal contractor (also referred to as the prime or general contractor) is responsible for the full compliance of all employers (the contractor, subcontractor and any lower tier subcontractors) with the labor standards provisions applicable to the project.

4. Project Wage Rates & Additional Work Classifications

Wage decisions are multi-paged, cover several counties and are difficult to read. To make it easier to read and understand on larger projects Block Grant Staff can provide a Project Wage Rate Sheet (HUD form 4720). This is a one-page listing of only the wage rates applicable to the specific project and should be posted on the job site. The general contractor will need to provide the information on which job classifications will be working on the project.

For classifications not listed in the Davis Bacon Wage Determination a request must be sent to the Dept. of Labor. This should be completed as early in the project as possible as it can take a month or more to receive a decision. The Prime Contractor must initiate the request for additional job classifications not in the Wage Decision. On Company letterhead the Contractor should list the classification requested, state the base rate and fringe rate for each classification and spell out the tasks for the requested classification. Block Grant will then send the information to HUD's Labor Relations Office.

5. On-site Project Inspections and Wage Interviews

Block Grant staff will make periodic visits to the construction site to:

- Ensure the correct wage determination & any additional classifications and Poster (both English and Spanish) are posted by the contractor at the site.
- Conduct wage interviews, observe the work being performed and obtain information on the hours worked, type of work performed and wages received. Information gathered during the interviews is recorded and compared against the Certified Payrolls submitted on the project.

6. Certified Payroll Reports

The Prime contractor (and any subcontractors) will need to submit weekly certified payroll reports, beginning with the first week they work on the project and for every week after, to the Block Grant project manager for review. Forms and instructions for completing the payrolls will be provided at the Pre-Construction Conference.

Block Grant staff will work directly with the prime/general contractor's payroll administrator to resolve any payroll errors or issues. Where underpayments of wages have occurred, the employer will be required to pay wage restitution to the affected employees. Block Grant staff will notify the prime/general contractor of any underpayments that are found and will describe the underpayments and provide instructions for computing and documenting the restitution to be paid. The contractor is allowed 30 days to correct the underpayments.

7. Non-Compliance

A dispute about labor standards and compliance can arise for a number of reasons. The labor standards clauses in the contract and DOL regulations provide for administrative review of issues where there is a difference of views. The most common circumstances include:

- Denial of request for additional classification and wage rate by DOL
- Findings of underpayment

It is important to be aware of unresolved issues related to Davis Bacon before authorizing payment to the Prime Contractor. If wage underpayment or other violations are not corrected within 30 days after written notification to the prime contractor, the Block Grant office or Dept. of Labor may direct the withholding of contract payments to ensure the payment of wages which are believed to be due and unpaid.

Contractors and/or subcontractors that violate the labor standards provisions may face administrative sanctions imposed by HUD and/or Dept. of Labor.

Lead Based Paint

All HOME/CDBG funded housing constructed before 1978 must comply with lead-based paint regulations at 24 CFR Part 35. The purpose of the regulation is to identify and address lead-based paint hazards before children are exposed to lead. If your project includes the acquisition, rehabilitation or leasing of housing, Block Grant staff will provide you with a checklist to determine if your project is Exempt and if not what steps will be necessary to document compliance with the requirements under the regulation.

If your project is subject to Lead Safe Housing requirements, you are required to provide notification to occupants/owners/purchasers of the housing. You may also be required to:

- **Perform a Lead Hazard Evaluation:** The evaluation required depends on the nature of the activity funded and the amount of federal funding. Evaluation methods include visual assessments, paint testing, and risk assessments.

- **Lead Hazard Reduction:** The reduction activity required depends on the nature of the activity funded and the amount of Federal funding. Reduction methods described include paint stabilization, interim controls, standard treatments, and abatement.
- **Ongoing Maintenance:** Ongoing maintenance is required if your project will continue to be monitored by the Block Grant Office during a period of affordability. This includes periodic visual assessments to determine if lead-based paint hazards have reappeared.

Your Block Grant project manager will work with you to document that your project has provided proper notifications and followed correct procedures.

Construction Codes and Standards

1. **Housing Quality Standards (24 CFR Part 92.251)**
Housing that is newly constructed with HOME funds must meet all applicable State and local building codes and have obtained a Certificate of Occupancy. Housing must also meet accessibility and fair housing requirements, and be inspected by the Block Grant Program.
2. **HOME Rehabilitation Standards**
All rehabilitation that is performed using HOME funds must meet *Kitsap County – City of Bremerton HOME Rehabilitation Standards*. The standards address health and safety; the remaining useful life of major systems (e.g. roofing, exterior cladding, windows, etc.); accessibility requirements; local codes, ordinances, and zoning; and Uniform Physical Condition Standards which establish the minimum deficiencies that must be corrected.
3. **International Energy Conservation Code**
Existing housing that is acquired with HOME funds, including homebuyer down-payment assistance, must meet applicable property standards and will be inspected by Block Grant staff to ensure compliance with the appropriate standard. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards or it cannot be acquired with HOME funds.
4. **Section 504 and Fair Housing**
Section 504 and Fair Housing rules impact the design of your project by setting standards for the appropriate number and characteristics of accessible units in your project. The applicability of these standards depends on the size and type of project. For additional information on Section 504 and Fair Housing see Appendix 3.

**PROJECT
CLOSEOUT AND
ON-GOING
RENTAL
HOUSING
MONITORING**

PROJECT CLOSEOUT AND ON-GOING RENTAL HOUSING MONITORING

Project Closeout

CDBG Public Service Contracts

All contracts for Public Services are for a term of one year (Jan. 1-Dec. 31) and cannot be extended. All costs incurred during the term must be submitted for reimbursement to the City or County in December, you will be informed of the exact cut-off date. Before final close-out of your grant you will need to have all quarterly reports submitted and a final monitoring will be conducted by Block Grant staff. A close-out letter will be sent when all concerns noted during monitoring have been resolved.

CDBG Capital Contracts

Capital contracts have a specific term in the contract, which may be extended in certain circumstances, to facilitate the completion of the project. Project close out for capital contracts will not occur until all contract requirements have been satisfied, the contract retainage has been released and all proper reports and documentation has been submitted to the Block Grant office.

For projects where funds will be used for acquisition, arrangement with the Block Grant office for the transfer of funds at closing must be made in advance. A 10% retainage will be held until the project is completed (construction/rehabilitation work is complete and the building is occupied).

For projects involving new construction or rehabilitation, project closeout will not occur until all issues related to construction (including Davis Bacon requirements and Section 3 requirements) have been resolved. When the final contract retainage is released for reimbursement and all remaining funds disbursed, a close-out letter will be sent. A Restricted Use Covenant will be required to be recorded on the property for the number of years prescribed in the written agreement (contract) and a final inspection of the property conducted.

HOME Capital Contracts

HOME Capital contracts, like CDBG Capital projects, have a specific term in the contract, which may be extended in certain circumstances to facilitate the completion of the project. Project close out for HOME contracts will not occur until all contract requirements have been satisfied, the contract retainage has been released and all proper reports and documentation has been submitted to the Block Grant office. HOME projects require HOME Completion reports which contain beneficiary data. These reports cannot be completed until the HOME units have occupants.

There are a couple of important things to keep in mind with respect to completion of HOME projects:

- HOME grant recipients have 4 years from the commitment date to complete the project. Project completion means that all construction work and title transfer (if applicable) is completed and the final reimbursement of HOME funds has been completed.

- For HOME funded homebuyer projects; a homeownership unit not sold to an eligible buyer within 6 months of completion must be rented in accordance with 24 CFR 92.252.

When all contract requirements have been satisfied, a close-out letter will be sent. A Deed Restriction will be required to be recorded on the property for the Period of Affordability contained in the written agreement (contract). A final inspection of the property will also be conducted.

HOME Period of Affordability Monitoring

During the on-going period of affordability HOME rental projects are monitored by Block Grant staff to ensure that HOME units:

- Are managed well for both compliance and financial success of the overall project;
- Are rented only to Low income households;
- Have rents below HUD-established limits;
- Are maintained in standard, decent condition; and
- Are rented with leases and fair housing procedures.

Projects are required to submit a rent and occupancy report, Certification of Suitable Occupancy and Rent Approval form annually. On-site monitoring is conducted every 3 years. Block Grant staff will contact the project owner to schedule the on-site visit and provide the monitoring checklist used to review the property. On-site monitoring will include review of property management, tenant files and unit inspections. Once monitoring is completed a monitoring letter will be sent and follow-up items noted. The Block Grant office will work with property managers to ensure that all health and safety issues identified during inspections are resolved immediately.

HOME funded homeownership projects also require on-going monitoring to ensure the terms of the HOME Agreement are being met. Homes must be owner-occupied. If the home has been rented, sold, or no longer occupied by the owner whose name appears on the HOME Agreement, the Block Grant Office must be notified. Block Grant staff will review homeownership projects annually.

**HOME
PROJECT
REQUIREMENTS**

HOME PROJECT REQUIREMENTS

General Program Requirements

Projects awarded HOME funds are subject to a number of rules beyond those outlined in the other chapters of the Guidebook. The rules will vary by project type and are outlined in this section. Staff will work with organizations to document compliance for specific projects.

Eligible HOME - Funded Activities

The Kitsap County – City of Bremerton 2021-2025 Consolidated Plan prioritized HOME funds for the following:

- Construction of new rental housing
- Rehabilitation of existing rental housing
- Direct financial assistance to homebuyers

Eligible HOME Costs

- **New Construction** – HOME funds may be used for new construction of both rental and ownership housing.
- **Rehabilitation** – This includes the alteration, improvement or modification of an existing structure.
- **Reconstruction** – This refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment.
- **Conversion** – Conversion of an existing structure from another use to affordable residential housing.
- **Site improvements** – Site improvements must be in keeping with improvements to surrounding standard projects. They include new, on-site improvements (sidewalks, utility connections, sewer and water lines, etc.) where none are present. Building new, off-site utility connections to an adjacent street is also eligible. Off-site infrastructure is not eligible as a HOME expense.
- **Acquisition of property** – Acquisition of existing standard property, or substandard property in need of rehabilitation, is eligible as part of either a homebuyer program or a rental housing project. After acquisition, rental units must meet HOME rental occupancy, affordability and lease requirements.
- **Acquisition of vacant land** – HOME funds may be used for acquisition of vacant land only if construction will begin on a HOME project within 12 months of purchase. Land banking is prohibited.
- **Demolition** – Demolition of an existing structure may be funded through HOME only if construction will begin on a HOME project within 12 months.
- **Related Soft Costs** – HOME funds may be used for other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation, or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:
 - Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups.

- Costs to process and settle financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees
- for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, builders, or developer fees.
- Costs of a project audit.
- Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants.
- Costs for new construction or substantial rehabilitation, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project run up and which may only be used to pay operating expenses, reserve for replacements and debt service.
- Relocation Costs: HOME funds may be used for the costs of relocation payments and other relocation assistance for permanent or temporarily relocating individuals, families, businesses, non-profit organizations, and farm operation where assistance is required in a HOME project.
- HOME funds may **not** be used for furniture, fixtures, and equipment (aka FEE) which are personal rather than real property.

Community Development Housing Organization (CHDO)

A CHDO is a private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. A CHDO must meet certain requirements pertaining to their:

- Legal status.
- Organizational structure; and
- Capacity and experience

HOME program rules require that a minimum of 15% of HOME funds be set-aside for CHDOs. These funds can be used by the CHDO for HOME activities where the CHDO acts as the developer, sponsor and/or owner of the housing.

A. Legal Status

CHDOs must be organized under state and local law. Provision of decent housing that is affordable to low- and moderate-income persons must be among the purposes of the organization. This commitment must be evidenced in the CHDO's:

- Charter;
- Articles of incorporation;
- By-laws; or
- A resolution of the CHDO's board of directors.

No individual benefit: No part of the CHDO's earnings (profits) may benefit any members, founders, contributors or individuals.

Clearly defined service area: A CHDO should have a clearly defined geographic service area.

Nonprofit status: A CHDO must have received a tax-exempt ruling from the IRS under Section 501 (c) of the Internal Revenue Code. The 501 (c) designations permissible under HOME are:

- 501 (c)(3) status – a charitable, nonprofit corporation
- 501 (c)(4) status – a community or civic organization
- Section 905 status – a subordinate organization of a 501 (c) organization.

B. Organizational Structure: The CHDO is intended to respond to a particular community's needs. The CHDO board must be composed as follows:

- At least one-third must be representatives of the low-income community.
- No more than one-third may be public officials or employees of the County or City.
- The balance is unrestricted.

Low-income community representation: As noted above, a minimum of one-third of the board must consist of representatives of the low-income community. There are three ways to meet this requirement:

1. Residents of low-income neighborhoods in the community.

- ✓ Low-income neighborhoods are defined as neighborhoods where 51 percent or more of the residents are low-income.
- ✓ Residents of low-income neighborhoods on CHDO boards do not have to be low-income themselves.

and/or

2. Low-income residents of the community.

- ✓ In urban areas, "community" is not necessarily limited to a single neighborhood, but may include several neighborhoods, the city, county or metropolitan area.
- ✓ In rural areas, "community" may also cover a multi- county area (but not the whole state). The board need **not** include low-income residents from each county in the multi-county area.
- ✓ Low-income residents of low-income neighborhoods in the community **do not** need to submit proof of their income.

- ✓ If low-income residents of the community who do not live in low-income neighborhoods are necessary to meet this threshold, the CHDO must obtain a certification from the resident that the resident does qualify as low-income. No PJ verification of the CHDO certification of income is required.

and/or

3. Elected representatives of low-income neighborhood organizations.

- ✓ A ***low-income neighborhood organization*** is an organization composed primarily of residents of a low-income neighborhood.
- ✓ The primary purpose of the organization must be to serve the interests of the neighborhood residents.
- ✓ Block groups, town watch organizations, civic associations, neighborhood church groups and NeighborWorks® organizations can be examples of low-income neighborhood organizations.

Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must also provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described ***in writing*** and must be included in the organization's by-laws or a board resolution.

Public-sector limits: A maximum of one-third of the governing board may consist of representatives of the public sector. This limitation is intended to ensure that CHDOs are community-based and community-controlled organizations.

A member of the governing board of a CHDO would be considered a representative of the public sector if he or she is a public official, including:

- Elected officials of the County or City; or
- Appointed public officials of the County or City including members of a planning commission or of any other regulatory and/or advisory boards or commissions that are appointed by a County/City official; or
- Public employees of the County or City; or
- Any individual who is not necessarily a public official, but who has been appointed by a public official.

Capacity and Experience:

A CHDO must also demonstrate that it has at least one year of experience serving the community where it intends to develop the HOME-assisted housing.

CHDOs must demonstrate the capacity of their key staff to carry out the HOME-assisted activities they are planning. This means that CHDOs must have:

- Experienced key staff who have successfully completed projects similar to those proposed by the CHDO; **or** key staff with limited experience, and who will use experienced consultants for the planning and development activities, as long as there is a plan in place for the consultant to train the key staff.

There are significant differences in the type of experience and capacity that is required to carry out the variety of housing development activities eligible under the HOME program. Therefore, “experience in having completed similar projects” is different for development /management of rental housing and development/sale of housing for homebuyers.

CHDOs must have financial accountability standards that conform to 2 CFR Part 200 Standards for Financial Management Systems

CHDO Certification

The City of Bremerton and Kitsap County Block Grant Programs are required to certify that an organization qualifies as a Community Housing Development Organization (CHDO) each time it commits CHDO set-aside funds to the organization. CHDO certification will be required before a commitment of set-aside funds is made.

General Program Rules

The HOME Program has specific program rules that applicants should be aware of when contemplating applying for funds. Some applicable program rules include but are not limited to:

1. Household Eligibility

All HOME Projects: Beneficiaries of HOME funds – homebuyers, homeowners, or tenants – must have income at or below 80% of the area median income. Eligibility is based on annual income. HUD annually publishes income limits for Kitsap County, and these will be provided by the Block Grant Office.

- Annual income is the gross amount of income anticipated by all persons in the household during the 12 months following the effective date of the income determination.
- To verify program applicant’s income at least two months of income documentation using source documents must be used. Source documentation may include wage statements, Social Security Statements, Unemployment compensation statements, etc. Third party verifications of income such as verification of employment are also acceptable.

Rental Housing: When HOME funds are used for rental housing, additional targeting requirements apply:

- Ninety percent (90%) of the occupants of HOME-assisted rental units must have incomes that are 60% or below area median income (AMI)

- 20% of the units in each rental housing project containing five or more units must be occupied by households with incomes at or below 50% of area median income.

2. HOME Project Completion

Recipients of HOME funds will have 4 years from the commitment date (contract date) to complete projects. Project completion means that all construction work and title transfer (if applicable) is completed and the final draw of HOME funds has been disbursed.

Rental Housing: Within six months from the date of project completion, if a HOME assisted rental unit remains unoccupied, the Block Grant office will provide to HUD information about current marketing efforts, and if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. Within 18 months from the date of project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, HUD will require repayment of all HOME funds invested in the unit.

Homeownership Housing: HOME assisted homeownership housing must have a ratified sales contract with an eligible homebuyer within 9 months of the completion of construction or rehabilitation, or it must be converted to rental housing. If converted, this rental housing must comply with all provisions of 24 CFR 92.252. If an unsold homebuyer unit is not converted to rental housing, the HOME funds must be repaid.

3. HOME Affordability

To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. The length of the affordability period depends on the amount of the HOME funds in the property and nature of the activity funded. Affordability periods range from 5 to 20 years and follow the guidelines in the charts below.

Homebuyer Affordability

Homebuyer projects will use either resale or recapture restrictions to ensure long-term affordability of housing assisted with home funds. Kitsap County will designate in the written agreement (contract) the method to be used.

- a. Recapture will be used when funds can be easily recaptured from the project upon transfer of ownership such as down payment assistance to homebuyers or rehabilitation loans to homeowners. When HOME funds are used to directly assist a homebuyer such as with down-payment assistance or purchase price reduction, a HOME Recapture Agreement will be used.

- b. Resale provisions will be used when funds have been used to pay development or acquisition costs directly to a developer to reduce development costs, thereby making the price of the home affordable to the buyer. When HOME funds are used for the development or construction of units, HOME regulations require a Resale Agreement with the homebuyer. Resale restrictions restrict the sale of the home to an income qualified buyer and restricts the equity the homeowner can capture at sale. The resale restriction is in place for the duration of the affordability period, regardless of the number of times the home is re-sold. Due to the restrictive and complex nature of this type of sale, Kitsap County's policy is to only use resale restrictions where there is another restrictive mechanism tied to the home (i.e. a Community Land Trust restriction recorded on the property).

Homeowner/Homebuyer Activities	
HOME assistance provided per unit	Period of Affordability
Under \$15,000	5 years
Between \$15,000 to \$40,000	10 years
Over \$40,000	15 years

Rental Housing Affordability

Rental housing activities will carry rent and occupancy restrictions during the period of affordability. Affordability restrictions remain in force regardless of transfer of ownership. **A Low-Income Housing Covenant Agreement** must be recorded, by the project owner/sponsor, on the property and include the appropriate number of years of affordability.

Rental Housing Activities		
Activity	Dollar Threshold**	Minimum Affordability Period
Rehabilitation or Acquisition of existing housing	Less than \$15,000/unit	5 years
	\$15,000 - \$40,000/unit	10 years
	Greater than \$40,000/unit	15 years
Refinance of a Rehabilitation project	Any \$ amount	15 years
New Construction (including land acquisition) or Acquisition of new housing.	Any \$ amount	20 years

4. HOME-Assisted Units

Unlike other federal programs, such as CDBG, the HOME Program distinguishes between the units in a project that have been assisted with HOME funds and those that have not. This distinction allows HOME funds to be spent on mixed-income projects while still targeting HOME dollars only to income-eligible households.

- The HOME rent and occupancy rules apply only to HOME-assisted units.
- The number of HOME-assisted units in a given project will be determined at project commitment by Block Grant staff through a cost allocation analysis and included in the written agreement.

5. HOME Assisted Rental Housing On-going Monitoring

The HOME Program requires that all households who occupy HOME units be low income. Property owners and operators must develop policies and procedures which address:

- Admission & Tenant Selection (including an Affirmative Marketing Plan)
- Lease Provisions & Occupancy

At initial occupancy and during the period of affordability Block Grant staff will monitor the project for compliance with HOME requirements. The monitoring will include inspections of HOME assisted units and the property overall, review of policies and procedures, project financial information and tenant files.

6. Underwriting, Subsidy Layering Review & Developer Capacity Analysis

Kitsap County, using guidelines it has established, will document that when HOME funds are used in combination with other government assistance in a project, no more subsidy is invested than necessary. Staff will also conduct a review of developer capacity and project fiscal soundness.

Before the commitment of HOME funds projects will be reviewed by staff and include analysis of the following:

- Financial commitments for the project
- Development Budget and Sources of funds to determine that all project costs are reasonable
- Operating Pro Forma if rental housing/Sales Plan if homeownership housing

- Market Study (if applicable) to assess current market demand for the project,
- Capital Needs Assessment (if applicable)
- Detailed description of the project including scope, number of units, size, number of bedrooms, common spaces, description of financing structure.
- Project Timeline
- Other information on the target population to be served, outreach plan, and affirmative marketing plan.

- Cost allocation analysis to determine the number and type of HOME assisted units,
- Assessment of the experience and financial capacity of the developer and rental project owner,

7. Leveraging

The City of Bremerton requires leveraging of HOME funds for homeownership housing projects. For every \$1 of HOME funds committed, the project sponsor must show leveraged funding of \$2 from other sources.

8. HOME Match Requirements

The HOME program requires a match of 25% for every HOME dollar spent. Block Grant staff is responsible for ensuring that the HOME Consortium is meeting this requirement. Staff will work with agencies to identify sources and levels of HOME match required on a project basis. The match requirement may be met in several ways:

- A. Non-Federal Cash or Cash Equivalent – acceptable sources of cash match include:
 - a. Local or state general revenues
 - b. Housing Trust Funds
 - c. Foundations, donations
 - d. State appropriations
 - e. HFA reserves that are not federal funds (e.g. bond proceeds)
 - f. The interest rate subsidy achieved by the exemption of state or local taxes
 - g. Present value of the interest subsidy for loans made at rates below market
- B. Value of waived taxes, fees or charges associated with the project.
- C. Value of donated land or real property.
- D. Cost of infrastructure improvements associated with the project.
- E. A percentage of the proceeds of single or multi-family housing bonds issued by state or local government.
- F. Value of donated materials, equipment, labor, and professional services.
- G. Sweat equity.
- H. Direct costs of supportive services to residents of the project.
- I. Direct cost of homebuyer counseling to families purchasing homes with HOME assistance.

9. HOME Funds and Public Housing

HOME funds cannot be used, alone or in combination with Public Housing Capital Funds, for public housing units. HOME units cannot receive public housing Capital Fund or Operating Fund assistance. HOME funds may be used in a project that also contains public housing units, provided that HOME funds are not used in the public housing units themselves and the HOME units are separately designated.

10. Market Assessment Requirement

Most Homebuyer and Rental housing development projects (including acquisition, rehabilitation, new construction, down payment assistance) awarded HOME funds will be required to have a Market Assessment. For HOME-funded direct homebuyer assistance that is not part of a HOME-funded development activity, and homeowner rehabilitation activities, a market assessment is not required.

It must be completed by the applicant (or consultant hired by the applicant) and submitted at the time of application for funding or after a conditional commitment of funds but before a contract with Kitsap County is executed. Block Grant Program staff will review the Market Assessment to determine:

- If a need for the type and number of housing units has been convincingly demonstrated.
- If the developer/program will be able to sell the planned homebuyer units prior to the six-month deadline.
- If the developer/program will be able to lease-up the planned rental units as expected, e.g., within the timeframe specified in the project pro-forma.
- If the development will adversely impact existing affordable housing developments.

The market analysis should utilize the most currently available data. Data should be from an industry recognized source such as: U.S. Census Bureau, WA State Office of Financial Management, Washington State Employment Development Department, Washington Center for Real Estate Research, Kitsap County, and other government sources or organizations that provide data to housing industry professionals.

Block Grant staff after review will determine if additional information is needed and work with the project developer to obtain information. If it is determined after review that the market assessment does not demonstrate a convincing need for the project or it will adversely impact the community or other existing affordable housing, Block Grant Program will recommend changes to the project/program design. If the project is determined to be too risky or does not appear to be viable, the award of funds may be canceled, at the sole discretion of the Block Grant Program Manager.

In some cases, market studies may not be cost effective. For small developments where tenants are already HOME-eligible and rents are already within program limits, a simplified or in-house market assessment may be more appropriate. Assessment for projects serving special needs populations can often be completed using primary data from service providers whose existing client base will form the primary pool of potential tenants. In these cases, the Block Grant program will work with project developers, and provide examples, to assess market demand.

Market Analysis Key Areas

- Housing demand
- Demographic trends
 - ✓ Analyze Demographic trends – especially household trends – in order to understand the overall market context. Is the market growing, contracting, or stable? Quantify the pool of eligible tenants or buyers in terms of household size, age, income, tenure (homeowner or renter), and other relevant factors. Not all residents of the market area are potential or likely tenants or buyers of any given project.
- Housing supply
 - ✓ Assess for-sale housing **supply** activity – such as sales volume, prices, and length of time on market – in order to understand overall metro/county market trends. Are there excess for-sale units on the market? Are sales prices rising, stable, or declining?
 - ✓ Examine changes in the **supply** of rental – Is the market now balanced in terms of multi-family housing supply and demand? Are additional units needed? Is the market already overbuilt?
- Construction trends – analyze the competition by evaluating other housing opportunities with an emphasis on other affordable rental developments or sales opportunities in the market area.
- Vacancy rates
 - ✓ Examine rental or for-sale housing Vacancy conditions and trends. Are vacancy rates increasing, stable, or declining?
- Market context – delineate the market area by identifying the geographic area from which the majority of a project's tenants or buyers are likely to come. This may or may not coincide with census tract or neighborhood boundaries:
 - ✓ Project area/neighborhood
 - ✓ Metropolitan wide
 - ✓ County wide
 - ✓ Other broad market area

Rental Housing Market Analysis

The rental market analysis should include the following:

1. How is the market area defined?
2. What are the site locational advantages and disadvantages?
3. What is the demand for rental housing?
 - a. Demand analysis:
 - Market area demographic profile/trends (population, number of households, age profile, household incomes, etc.)
 - Income eligible households
 - Characteristics of households likely to be attracted to development.
 - b. Assess support for proposed rental housing development
 - c. Assess potential unit absorption/timing
 - Assess the market and determine if there is sufficient demand to rent the HOME-assisted housing units within 18 months of project completion.

- d. Key questions on competing properties that help determine likely rents, occupancy levels, types of service/amenities needed, and likely costs to operate and returns:
 - What are competing properties?
 - How comparable are they to competition?
 - Is there excess effective demand?
 - How do units perform?
 - What do competing properties tell us about likely property feasibility/operations?
 - What do key indicators tell us about timing/lease-up, likely tenants etc.?
4. What is the current supply of rental housing?

Key analytics in market assessments:

- Net demand: Effective Demand-Supply
- Capture rate: the capture rate (project's units divided by the applicant pool) is the percentage of likely eligible and interested households living nearby who will need to rent units in the proposed project in order to fully occupy it. The lower this rate, the more likely a project is to succeed.
- Determine absorption rate: Rate of rent-up (over time)
- Effect of Subsidy: Is project competitive? Below market?

For-Sale Housing Market Analysis

Initial for-sale housing market questions to ask:

1. Who is the target market?
2. What product will sell in the market area?
3. Will this project sell in this market 6 months after construction completion?
4. What is the competition?

Key components of for-sale market analysis similar to rental market analysis:

- Broad market context (metropolitan wide, county wide, or other broad market area)
- Market area definition
- Market area/project area, neighborhood conditions and trends
 - ✓ Demographic/socioeconomic trends
 - ✓ Physical condition
- Demand analysis
 - ✓ Income eligible households
 - ✓ Characteristics of households likely to be attracted to housing
- Supply analysis
 - ✓ Characteristics, prices, sales activity trends in the target market area
 - ✓ Characteristics and prices in other areas when potential buyers could purchase housing.

- Special considerations
 - ✓ Advantages/disadvantages of project area/housing for attracting buyers
 - ✓ Rehabilitation project site selection
 - ✓ Target Market-Buyer eligibility requirements
 - ✓ Analysis of unit absorption potential/timing

11. Site and Neighborhood Standards

HOME funded rental projects that are newly constructed are subject to a site and neighborhood standards [24 CFR 92.202(b)] review by the Block Grant Program to determine that:

1. Site must be adequate in size, exposure, and contour to accommodate the number and types of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.
2. The site and neighborhood must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and implementing HUD regulations.
3. Site is not in an area of minority concentration – if the site is in an area of minority concentration, the Block Grant Program will determine that one or more of the following is true:
 - a. The project will not increase significantly the proportion of minorities.
 - b. Sufficient comparable housing opportunities exist outside the area for minorities based on analysis of HUD-assisted housing.
 - c. Proposed project is necessary to meet overriding housing need that cannot otherwise be met.
 - d. Proposed project is integral to a neighborhood preservation strategy or integral to revitalization area strategy.
4. The project site promotes greater choice of housing opportunities and avoids undue concentration of assisted persons in areas containing a high proportion of low-income persons.
5. The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.
6. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.
7. Except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

12. Homeownership Requirements

The HOME program requires that for all HOME assisted homeownership projects:

1. All the HOME funds will benefit families whose incomes are at or below 80% of the area median income.
2. The assisted housing will be the owner's principal residence.
3. The purchase price of the property or the appraised value of a property already owned, after rehabilitation will be less than 95 percent of the median area purchase price. The 2013 HOME Final Rule 24 CFR 92.254(a)(2)(iii) is amended to eliminate the use of the 203(b) limit and to change the methods for determining 95% of area median purchase price. HUD will determine and issue limits that represent 95% of the area median purchase price separately for newly constructed and existing single family housing units. Kitsap County Block Grant Program will use the HUD-issued limits.
4. All homebuyers that receive HOME assistance or purchase a unit developed with HOME funds must receive housing counseling. The Block Grant staff will review the housing counseling policies of subrecipients and owner/sponsor developers of homeowner housing to determine compliance with this requirement.
5. A subsequent low-income purchaser of a HOME-assisted homeownership unit may assume the existing HOME loan and recapture obligation entered into by the original buyer when no additional HOME assistance is provided to the subsequent homebuyer.
6. HOME funded homeownership assistance such as down-payment assistance is capped at no more than 20% of the purchase price of the home.
7. Subrecipients administrating homebuyer assistance programs must have and follow written policies for:
 - a. **Underwriting:** Underwriting standards for homeownership assistance must address housing debt, overall household debt, the appropriateness of the amount of assistance, recurring household expenses, assets available to acquire the housing, monthly expenses of the household and financial resources available to the household to sustain homeownership.
 - b. **Predatory lending:** (HUD will issue guidance on preventing predatory lending)
 - c. **Refinancing:** The refinancing policy must address refinancing loans to which HOME loans are subordinated to ensure that the terms of the new loan are reasonable.

13. Fair Treatment of Applicants & Preferences

All housing programs and projects funded with HOME funds must have written policies to address fair treatment of applicants and define any preferences such as preferences for persons with disabilities or elderly. Occupants of HOME funded units must be low- income. At a minimum, admission and selection policies and criteria must address:

- Eligibility and Income requirements for the specific program or property;
- Use of a written waiting list when selecting households;
- Written notification to applicants who are rejected, including the reason(s) for the rejection;
- Use of criminal background check and credit check.

For rental housing owners must develop tenant selection policies and criteria that ensure that all applicants and tenants are treated fairly and equitably. The HOME Program protects tenant rights in a number of ways:

1. Every tenant must have a **written lease**;
2. The **lease term** must be for at least twelve (12) months, unless otherwise approved by the PJ;
3. The lease term may never be for less than 30 days;
4. Certain **lease clauses are prohibited**;
5. The PJ must approve all leases; and
6. The owner must establish **dispute resolution procedures** for settling disagreements with tenants.

For properties that are owned, developed, or sponsored by community housing development organizations (CHDOs), the property must also have a **tenant participation** plan to ensure that tenants are involved in the management and decision-making of the property and **fair lease and grievance procedures**.

14. Affirmative Fair Housing Marketing Plan

The HOME Final Rule (24 CFR 92.351(a)) requires written affirmative marketing procedures and requirements for rental and homebuyer projects containing 5 or more HOME-assisted units, regardless of the specific activity the HOME funds will finance.

The specific affirmative marketing procedures to be used will depend on the type and size of the program or project. The City of Bremerton-Kitsap County HOME Consortium has an Affirmative Fair Housing Marketing Plan that clearly state what actions owners/managers must take to provide information to, and otherwise attract, eligible persons in the housing market who are unlikely to apply without special outreach. The extent of the affirmative marketing activities typically varies depending on the size of the property.

Kitsap County HOME Consortium staff will evaluate the success of the affirmative marketing actions every year for each project. Owners and managers are required to retain certain records so staff can evaluate its results. Affirmative Marketing will be reviewed during annual on-site monitoring.

15. Property Standards

A. Compliance with Codes and Standards

For all projects, the Block Grant office is primarily responsible for ensuring compliance with Federal requirements and meeting both project and program goals. This is the case no matter what cost is funded under the HOME Program.

1. Acquisition of existing housing (no rehab. or construction) 24 CFR 92.251(c)

Housing acquired with HOME funds must be inspected for health and safety at the time of title transfer. Block Grant staff will conduct an inspection using established standards. Any deficiencies will be noted and a date for correction and re-inspection will be communicated to the owner. HOME funds will not be disbursed for the acquisition until the project passes the inspection.

2. Rehabilitation of housing 24 CFR 92.251(b)

For any HOME-funded rehabilitation work, the housing must meet the Kitsap County/City of Bremerton Housing Rehabilitation Standards and County or applicable City Building Code.

The Rehabilitation Standards address the following:

- **Health & Safety** – the rehab. standards specify the life-threatening deficiencies that must be addressed immediately if a housing unit is occupied.
- **Remaining Useful life of major Systems** – An estimate of the remaining useful life of major system must be completed. Major systems include structural support, roofing, exterior cladding, weatherproofing (e.g., windows, doors, siding, gutters), plumbing electrical and heating, ventilation and air conditioning.
 - **Major systems for rental housing** - This must be done with a capital needs assessment for projects with 26 or more units. If the remaining useful life is less than the affordability period, the Block Grant Program will require replacement reserve deposits to ensure that the project's major systems and physical needs can be adequately maintained and addressed throughout the affordability period.

- **Major systems for homeownership housing** – upon project completion, major systems must have a useful life of at least five years.
 - **Lead based paint requirements**, in accordance with 24 CFR Part 35.
 - **Accessibility requirements**, as applicable, in accordance with Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and the Fair Housing Act.
 - **Disaster mitigation standards**, in accordance with State and local requirements.
 - **Rehabilitation work must comply with local codes, ordinances, and zoning requirements.**
 - **Uniform Physical Conditions Standards (UPCS)**
- 3. New construction of housing 24 CFR 92.251(a)**

All new housing projects constructed with HOME funds must have project specific material and methods or “construction specifications” for the project. The specifications and design plans will be reviewed by Block Grant staff to ensure that the amenities and aesthetic features of the project are in keeping with modest housing of similar type in the community. Projects will be required to obtain the necessary development permits from the jurisdiction where the project is located and copies of the signed-off permit & certificate of occupancy will be required for final reimbursement of funds.

To meet HOME regulations, all projects involving new construction must:

1. Meet all applicable local building and fire codes (including related electrical, mechanical, and plumbing codes);
2. Meet applicable Section 504 and Fair Housing Act requirements.
3. All buildings of five or more residential units in new construction projects must include the installation of “broadband infrastructure” as defined by 24 CFR 5.100. In practice, this requires the developer to provide the wiring for high-speed internet but does not require the project to provide the internet service itself.

Block grant staff will review and approve written cost estimates, construction contracts and construction documents. In addition, staff will conduct construction progress and final inspections to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents.

4. Newly Constructed or Recently Rehabilitated Housing 24 CFR 92.251(c)(1)

Housing that has been newly constructed or rehabilitated within one year of the date of commitment of HOME funds must meet the applicable property standards [92.251(a)] for new construction and [92.251(b)] for rehabilitation. The Block Grant office will document compliance based on a review of approved building plans and certificates of occupancy and a property inspection that is conducted no earlier than 90 days before the commitment of HOME funds.

5. All Other Existing Housing – Rental

For all other housing (housing not recently rehabilitated or newly constructed) that will be acquired (without rehabilitation) for rental housing, the property must meet the applicable standard for rehabilitation at 92.251(b). The Block Grant office will document compliance based upon a current inspection that is conducted no earlier than 90 days before the date of commitment of HOME assistance. If the property does not meet these standards, it cannot be acquired with HOME funds unless it is rehabilitated to meet this standard.

6. All Other Existing Housing – Homeownership (Down Payment) Assistance

Block Grant staff will utilize Uniform Physical Conditions Standards to ensure that existing housing acquired for homeownership is decent, safe, sanitary, and in good repair.

7. Manufactured Housing Property Standards [24 CFR 92.251(e)]

Newly constructed manufactured housing and housing that replaces an existing substandard unit must be on a permanent foundation. For all rehabilitated manufactured housing, the foundation and anchoring must meet all applicable State and local codes and other requirements.

All new construction of manufactured housing must meet the Manufactured Home Construction and Safety Standards codified at 24 CFR part 3280.

All new manufactured housing must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned (or leased for a period at least as long as the affordability period) by the manufactured housing unit owner.

Existing manufactured housing that is rehabilitated with HOME funds must meet the property standards applicable to rehabilitation, as outlined in 92.251(b).

8. **On-going Property Standards for Rental Projects [24 CFR 92.251(f)]**
Properties must be maintained to meet all applicable State and local codes. Housing will be inspected using UCPS as the standard (replaces HQS). Housing must be free of all health and safety defects and any life-threatening deficiencies identified during inspection must be corrected immediately. Housing must also meet the lead-based paint requirements in 24 CFR part 35.

B. Lead Based Paint

All housing funded with HOME and/or CDBG constructed before 1978 must comply with lead-based paint regulations at 24 CFR Part 35. The purpose of the regulation is to identify and address lead-based paint hazards before children are exposed to lead.

**Appendix 1 –
Section 3
Requirements
and Compliance**

Appendix 1 – Section 3 Requirements and Compliance

What is Section 3?

Each year the U.S. Department of Housing and Urban Development (HUD) invests billions of federal dollars into communities for projects designed to build and rehabilitate housing, improve roads, develop community centers, and otherwise assist primarily low-income families.

Section 3 regulations recognize that HUD funding typically results in projects/activities that generate new employment, training and contracting opportunities. These economic opportunities not only provide “bricks and mortar” but can also positively impact the lives of residents who live in the neighborhoods where HUD funded projects occur.

Section 3 of the Housing and Urban Development Act of 1968 is HUD’s legislative directive for providing preference to low- and very low-income residents of the local community and the businesses that substantially employ these persons, for new employment, training, and contracting opportunities resulting from HUD-funded projects.

Triggering the Requirements of Section 3

As a condition of receiving more than \$200,000 of HUD Community Development Block Grant (CDBG) and/or HOME Investment Partnership (HOME) funds, grant recipients must comply with the requirements of Section 3 if the funding will be invested into a project involving **housing construction, demolition, rehabilitation, or other public construction – i.e., roads, sewers, community centers, etc.** The project is the site or sites together with building(s) and improvements located on the site(s) that are under common ownership, management, and financing. The requirements apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted with CDBG or HOME.

For CDBG and HOME assisted projects which trigger Section 3 compliance, the benchmark for Section 3 workers is set at 25 percent or more of the total number of labor hours worked by all workers on the project. The benchmark for Targeted Section 3 workers is set at 5 percent or more of the total number of labor hours worked by all workers on the project. This means that the 5 percent is included as part of the 25 percent threshold. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section 3 workers when hiring additional employees is needed to complete the proposed work.

Section 3 Workers

A “Section 3 Worker” is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD (worker is "low income" meaning their income is below 80% of the area median income).
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

A "Targeted Section 3 worker" is a Section 3 worker who:

1. Is employed by a Section 3 business concern; or
2. Currently fits or when hired fit at least one of the following categories, as documented within the past 5 years:
 - Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
 - A YouthBuild participant

Determining Income Levels

Low income is defined as 80% or below the as area median income for Section 8 programs as determined by HUD. HUD publishes income limits each year for the Bremerton-Silverdale Metropolitan Statistical Area (MSA). These limits are updated annually by HUD and available from the Block Grant staff.

What is YouthBuild?

YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school. Kitsap County's YouthBuild Program is operated by Olympic Educational Service District 114, located in Bremerton.

Section 3 Business Concern

A Section 3 business concern is a business that meets at least one of the following criteria, documented within the last six-month period:

1. At least 51 percent owned and controlled by low- or very low-income persons.
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
3. A business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

How Do We Comply with Section 3 Requirements?

Block Grant staff will work with grant recipients to comply with the requirements of Section 3. As the recipient of more than \$200,000 of CDBG or HOME funds your responsibility includes:

1. Grant recipients are required to maintain documentation to demonstrate compliance with the regulations and are responsible for requiring their contractors/subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers, Targeted Section 3 workers, and any qualitative efforts to comply with Section 3.
2. Incorporate the Section 3 Clause into all covered solicitations and contracts. All bid packets for contracts must contain the Section 3 clause.
3. Work with contractors and subcontractors to ensure compliance. Information must be provided at the beginning of the project. Provide the Section 3 report forms, and Section 3 Clause for contracts, to the general contractor selected for the project. Forms will be provided by the Kitsap County Block Grant Office and discussed at the Pre-Construction conference with the selected contractor(s).
4. Implement procedures to notify Section 3 workers and businesses about training, employment, and contracting opportunities generated by your CDBG or HOME award. Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of job opportunities. They should include:
 - a. Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher";
 - b. Contacting local community organizations and provide them with job postings for Section 3 eligible applicants. The following organizations should be contacted:
 - a. Work Source Center
 - b. Skookum Enterprises
 - c. Youthbuild
 - d. Local Labor Unions
 - c. Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks including:
 - a. Advertising job opportunities via social media, including LinkedIn and Facebook;
 - b. Advertising job opportunities via flyer distributions and mass mailings and posting ad in common areas of housing developments and all public housing management offices
 - c. Contacting resident councils, resident management corporations, and neighborhood community organizations to request their assistance in notifying residents of available training and employment opportunities

Appendix 2 – Accessibility and Fair Housing

Appendix 2 – Accessibility and Fair Housing

This appendix describes key compliance elements for housing assisted with HOME or CDBG funds. Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act prohibit discrimination based on disability and establish requirements for program accessibility and physical accessibility in connection with housing programs.

In many cases new construction of rental projects funded with HOME or CDBG funds must meet both the Fair Housing Act and the Section 504 new construction requirements. Where two or more accessibility standards apply, the housing provider is required to follow and apply both standards so that maximum accessibility is obtained.

Section 504 of the Rehabilitation Act of 1973

Program Accessibility

Individuals with handicaps must be able to find out about, apply for and participate in Federally-assisted programs or activities.

- Special communication systems may be needed for outreach and ongoing communication;
- Policies and procedures must be non-discriminatory
- Employment must be accessible. Employers must not discriminate, they must remove physical and administrative barriers to employment and make reasonable accommodations for individuals with known handicaps.
- If grant recipients have 15 or more employees they must:
 - Designate a Section 504 Coordinator;
 - Notify program participants and employees of non-discrimination policies; and
 - conduct self-evaluations of compliance with Section 504.

New Construction and Rehabilitation

New Construction - HUD regulations implementing Section 504 require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined as projects containing 5 or more dwelling units. Both the individual units and the common areas in the building must be accessible.

Rehabilitation - Section 504 requires that if alterations are undertaken to a housing project that has 15 or more units, and the rehabilitation costs will be 75% or more of the replacement cost of the completed facility, then such developments are considered to have undergone “substantial alterations”. For substantial alterations of multifamily rental housing, the accessibility requirements must be followed.

The Fair Housing Act

What Housing Is Covered?

The Fair Housing Act covers most housing sold or rented in the United States. In some circumstances it exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

The Act prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin. The Fair Housing Act also establishes requirements for the design and construction of new rental or for sale multifamily housing to ensure a minimum level of accessibility for persons with disabilities.

Covered Multifamily Dwelling Units

The design and construction requirements in the Fair Housing Act apply only to a building designed and constructed for initial occupancy after March 13, 1991. The requirements will not apply to rehabilitation projects.

The Fair Housing Act and Section 504 Requirements for Multifamily Housing

The Fair Housing Act	Section 504 of the Rehabilitation Act
<p><i>New Construction</i></p> <p>The design and construction requirements of the Fair Housing Act apply to all new multifamily housing consisting of four or more dwelling units.</p> <p>The design requirements apply to buildings built for first occupancy after March 13, 1991, which fall under the definition of “covered multifamily dwellings.” Covered multifamily dwellings are:</p> <ol style="list-style-type: none">1. all dwelling units in buildings containing four or more dwelling units if such buildings have one or more elevators. In other words, if a building has an elevator, all of the dwelling units in the building are covered. <p style="text-align: center;"><u>and</u></p> <ol style="list-style-type: none">2. all ground floor dwelling units in other buildings containing four or more units.	<p><i>New Construction</i></p> <p>HUD regulations implementing Section 504 require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined as projects containing 5 or more dwelling units. Both the individual units and the common areas in the building must be accessible.</p> <ul style="list-style-type: none">• For new construction of multifamily rental projects, a minimum of 5% of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments.• An additional 2% of the dwelling units (but not less than one unit) must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments). <p><i>Rehabilitation</i></p>

<p>The Act does not require any renovations to existing buildings. Its design requirements apply to new construction only.</p> <ul style="list-style-type: none"> • <u>Conversion</u>: If a building was used previously for a nonresidential purpose, such as a warehouse, office building or school, and is being converted to multifamily housing, the conversion is not covered. • <u>Additions to Existing Buildings</u>: When an addition is built as an extension to an existing building, the addition of four or more units is regarded as a new building and must meet the design requirements. 	<p>Section 504 requires that if alterations are undertaken to a housing project that has 15 or more units, and the rehabilitation costs will be 75% or more of the replacement cost of the completed facility, then such developments are considered to have undergone “substantial alterations”. For substantial alterations of multifamily rental housing, the accessibility requirements must be followed:</p> <ul style="list-style-type: none"> • a minimum of 5% of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments. • An additional 2% of the dwelling units (but not less than one unit) must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments). <p><i>Other Alterations</i></p> <p>When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5% of the dwelling units (but not less than one unit) are accessible to people with mobility impairments.</p>
<p>Design and Construction Requirements</p>	<p>Design and Construction Requirements</p>
<p>The <i>Fair Housing Act Design Manual</i> has been produced by HUD to assist designers, builders and developers in understanding and conforming with the design requirements of the Fair Housing Act. Fair Housing Act Design Manual - HUD Exchange</p>	<p>Dwelling units designed and constructed in accordance with the <i>Uniform Federal Accessibility Standards (UFAS)</i> will be deemed to comply with the Section 504 regulation. UFAS (1984) (access-board.gov)</p>
<p>Summary of Requirements from Design Manual</p>	<p>Summary of Requirements</p>
<p>REQUIREMENT 1 Accessible Building Entrance on an Accessible Route: Covered multifamily dwellings must have at least one building entrance on an accessible route, unless it is impractical to do so because of terrain or unusual characteristics of the site. For all such dwellings with a building entrance on an accessible route the following six requirements apply.</p>	<p>See UFAS online UFAS (1984) (access-board.gov)</p>

REQUIREMENT 2

Accessible and Usable Public and Common Use Areas:

Public and common use areas must be readily accessible to and usable by people with disabilities. See Chapter Two.

REQUIREMENT 3

Usable Doors: All doors designed to allow passage into and within all premises must be sufficiently wide to allow passage by persons in wheelchairs. See Chapter Three.

REQUIREMENT 4

Accessible Route Into and Through the Covered Dwelling Unit: There must be an accessible route into and through the dwelling units, providing access for people with disabilities throughout the unit. See Chapter Four.

REQUIREMENT 5

Light Switches, Electrical Outlets, Thermostats and Other Environmental Controls in Accessible

Locations: All premises within the dwelling units must contain light switches, electrical outlets, thermostats and other environmental controls in accessible locations. See Chapter Five.

REQUIREMENT 6

Reinforced Walls for Grab Bars: All premises within dwelling units must contain reinforcements in bathroom walls to allow later installation of grab bars around toilet, tub, shower stall and shower seat, where such facilities are provided. See Chapter Six.

REQUIREMENT 7

Usable Kitchens and Bathrooms: Dwelling units must contain usable kitchens and bathrooms such that an individual who uses a wheelchair can maneuver about the space. See Chapter Seven.