



Community Development Block Grant
Hurricane Isaac
Parish-Implemented Recovery Programs

Housing Program Guidelines

Version 1.3

July 6, 2016

Programs made possible by:
The Louisiana Office of Community Development's Disaster Recovery Unit,
The Louisiana Housing Corporation,
and
The U.S. Department of Housing and Urban Development

www.doa.louisiana.gov/cdbg/drhome.htm

<http://www.lhc.la.gov>



HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Table of Contents

1.0	OVERVIEW.....	5
2.0	APPLICATION PROCESS	5
3.0	NATIONAL OBJECTIVES.....	5
4.0	TECHNICAL ASSISTANCE & CAPACITY BUILDING	6
5.0	ELIGIBLE HOUSING ACTIVITIES.....	7
5.1	Homeowner Rehabilitation/Reconstruction Program	7
5.2	Minor Repair Program	8
5.3	Elevation Program	10
5.4	First Time Homebuyer Program.....	14
5.5	Voluntary and Non-Voluntary Relocation/Buyout Program.....	16
5.6	Small Rental Property Repair	19
5.7	Hazard Mitigation Assistance Cost Share for LMI Households	21
6.0	GENERAL PROGRAM GUIDELINES	23
7.0	HOUSEHOLD SELECTION AND ELIGIBILITY	23
7.1	Property Standards.....	23
7.2	Ineligible Activities.....	24
7.3	Ownership	24
7.4	Occupancy.....	25
7.5	Determining Household Income	26
7.6	Structure Types.....	27
7.7	Property Damage	27
7.8	Location	28
7.9	Insurance	28
7.10	Taxes.....	28
7.11	Mortgage.....	28
7.12	Relocation	28
7.13	Priority Assistance	29
8.0	GENERAL OPERATING PROCEDURES	29
8.1	Grant Application.....	29
8.2	Screening Applicants.....	30
8.3	Selection & Ranking.....	31

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

8.4	Duplication of Benefits	31
8.5	Inspection	32
8.6	Environmental Review.....	32
9.0	MAINTENANCE AGREEMENTS	33
10.0	MARKETING	34
11.0	GRIEVANCE PROCEDURE	34
12.0	WORK WRITE-UPS & COST ESTIMATES	34
13.0	EXECUTING AGREEMENTS WITH BENEFICIARIES	37
14.0	CONTRACT REQUIREMENTS.....	37
14.1	Bidding Procedures	38
14.2	Preparing the Contract.....	39
14.3	Davis-Bacon.....	40
14.4	Contract Award and Monitoring.....	40
14.5	Inspections.....	40
14.6	Change Orders.....	41
14.7	Clearance.....	41
14.8	Final Documentation.....	42
14.9	Follow-Up Inspection.....	42
15.0	CONSTRUCTION.....	42
16.0	CONFLICT OF INTEREST.....	43
17.0	CITIZEN PARTICIPATION.....	43
18.0	COMPLAINTS.....	44
19.0	PERFORMANCE MEASURES.....	44
19.1	Objectives.....	45
19.2	Outcomes.....	45
19.3	Indicators.....	46
20.0	RECORD KEEPING.....	46
21.0	FEDERAL REGULATIONS.....	47
22.0	CDBG ADMINISTRATIVE MANUAL.....	48
23.0	RESOURCES.....	49

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

1.0 OVERVIEW

Hurricane Isaac struck Louisiana's coast at Plaquemines Parish, southwest of the Mississippi River, on August 28, 2012, as a Category 1 hurricane. The storm headed back out over the Gulf of Mexico, making a second landfall just west of Port Fourchon, located in Lafourche Parish about 60 miles southwest of New Orleans, on August 29, 2012 (DR 4080-LA). The slow-moving storm proceeded to impact multiple Louisiana parishes with sustained strong winds and heavy rain through August 30, 2012.

The severe storms brought on by Hurricane Isaac caused damage to housing, infrastructure, and businesses across the southern region of the state, as well as massive power outages to more than 900,000 homes and businesses. The storms also caused severe flooding due to storm surge in coastal parishes, as well as heavy rainfall and backflow along inland waterways. Isaac's highest storm surge levels were reported to be between eight and 10 feet in Southeast Louisiana. Twenty-six of the state's 64 parishes were included in the President's disaster declaration to receive individual assistance; all 26 were declared eligible for public assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the "Stafford Act").

The U.S. Department of Housing and Urban Development (HUD) appropriated \$64 million to the State of Louisiana in disaster recovery Community Development Block Grant (CDBG) funding to address the impacts of Hurricane Isaac outside of Orleans, Jefferson, and St. Tammany parishes. Preliminary estimates indicate approximately \$914 million in unmet needs related specifically to housing. With losses of housing stock concentrated in certain communities, the State, through its Office of Community Development – Disaster Recovery Unit (OCD-DRU) office, has developed Isaac Housing Recovery Programs to assist homeowners, renters and communities to recover. OCD-DRU, in conjunction with the Louisiana Housing Corporation (LHC), created eligible activities available to assist in housing recovery utilizing these federal funds.

Parishes that identified a housing activity during the Parish proposal process will be required to submit a more detailed application for each project. OCD-DRU will review the application for compliance with federal requirements.

2.0 APPLICATION PROCESS

Submit an original and two (2) copies of each program application form to:

Office of Community Development
Disaster Recovery Unit
617 N. Third Street, 6th Floor
Baton Rouge, LA 70802
ATTN: Eugenia Williams

3.0 NATIONAL OBJECTIVES

Before any activity can be funded in whole or in part with CDBG funds, a determination is made on whether the activity is eligible under Title I of the Housing and Community Development Act of

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

1974, as amended. Activities must also meet one of the national objectives. The National Objectives are:

- Benefit low- and moderate-income (LMI) persons;
- Aid in the prevention or elimination of slums or blight; and,
- Urgent Need.

A determination of an activity's eligibility is made during the OCD-DRU Project Application review process. OCD-DRU also reviews which national objective category a project falls under. A project meets a national objective only upon completion. Thus, Parishes should be aware of their national objective category and appropriate document compliance. There are a number of different criteria by which an activity can meet one of the three National Objectives. [42 U.S.C. 5304(b) (3) and 24 CFR 570.483]

The LMI national objective is often referred to as the "primary" national objective, because the regulations require that OCD-DRU expend at least 50 percent of Disaster Recovery CDBG funds to meet this particular objective. For further information on Disaster Recovery CDBG Funds, please refer to the State's Action Plan and Amendments for Isaac, as well as the Disaster Recovery CDBG Administration Manual.

Guide to National Objectives and Eligible Activities for State CDBG Program may be downloaded from HUD website at:

www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm

For more information regarding the national objectives, please review the Guide to National Objectives and Eligible Activities for the State CDBG Program.

4.0 TECHNICAL ASSISTANCE & CAPACITY BUILDING

OCD-DRU will provide training and technical assistance to Parishes on CDBG regulations at the initiation of the programs and will continue to provide ongoing assistance as the housing programs are being administered.

Parishes can select from a variety of housing program options, as approved by HUD in the State's Action Plan and Amendments, from the eligible activities outlined below. Parishes should be prepared to justify the need for each program and demonstrate each project's correlation to recovery. Parishes can choose to adopt one or any combination of program options to address recovery needs. OCD-DRU encourages Parishes to develop programs that benefit households most impacted. Eligible housing activities include:

- Homeowner Rehabilitation/Reconstruction;
- Minor Repair;
- Elevation;
- Homebuyer Assistance;
- Relocation/Buyout;
- Small Rental Property Repair; and
- Hazard Mitigation Assistance Cost-Share for LMI Households.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.0 ELIGIBLE HOUSING ACTIVITIES

5.1 Homeowner Rehabilitation/Reconstruction Program

5.1.1 Program Description

The Homeowner Rehabilitation program is designed to provide rehabilitation or reconstruction assistance to homeowners who sustained property damage during Hurricane Isaac. This assistance is intended for Low to Moderate Income (LMI) households; however, a Parish can elect to serve Non-LMI households under these programs, provided the property is in urgent need or a slum and blighted designated area.

Rehabilitation is defined as repair or renovation of a limited specified area or portion of a housing structure. Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner.

5.1.2 Types of Assistance

- Assistance can be provided as a grant or loan.
- Parishes can provide grants to eligible households for the cost of rehabilitation of homes. There are no requirements for payment/re-payment of the grant as long as the applicant maintains ownership, residency, and insurance for a required term.
- Parishes can also choose to administer programs as a three-year forgivable deferred loan that places the entire dollar amount on the property. There are neither credit qualifying requirements nor re-payment requirements, as long as the applicant maintains ownership, residency and insurance for the required term. The Parish is responsible for executing and recording a Note and Mortgage.

5.1.3 Assistance Levels

Parishes are recommended to set the maximum assistance for each applicant at \$100,000 per unit. Amounts over \$100,000 per unit should require approval on a case-by-case basis and only where special circumstances apply (i.e. historic requirements, lead-paint abatement, etc.).

- If the Parish determines that an eligible unit's rehabilitation requires more than \$100,000, the Parish's designated staff may make a determination on whether it is more cost effective to replace the existing unit with new construction. If new construction cannot meet the requirements of the program's funding source, local Building Codes and/or new zoning regulations, the Parish is not obligated to do the new construction.
- If a unit has a total rehabilitation cost that is less than \$25,000; then the unit is required to meet the International Property Maintenance Code (IPMC). Where the total rehabilitation cost is more than \$25,000, the unit must meet the current edition of the International

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Building Code (IBC). Additionally, the entire structure must comply with any existing local health and safety codes.

- Buildings on, or eligible to be placed on, the National Register of Historic Places shall be renovated in accordance with the Secretary of the Interior's Standards for Rehabilitation and may be exempt from other requirements. Any additions or non-historic alterations to the structure should be made in compliance with IBC requirements.
- All replacement of substantially-damaged residential buildings must meet the Green Building Standard for Replacement and New Construction of Residential Housing. Grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist (available on the CPD Disaster Recovery Website at <https://www.onecpd.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>) for all rehabilitation of non-substantially damaged residential buildings.
- Grantees must elevate all substantially-damaged residential buildings one foot higher than the base flood elevation, determined in accordance with the best available data.

5.1.4 Limitations

There are limitations based on limited CDBG funds allotted to projects. Consequently, certain repair costs are not eligible for Homeowner Rehabilitation assistance.

- Eligible Cost
 - Eligible costs are the cost of repairs to deficient or damaged structures and their components.
- Ineligible Cost

Ineligible repairs include, but are not limited to:

 - Work on buildings that are not considered the primary residence (e.g. detached garage, shed and/or barns)
 - Additional rooms, except as required meeting the Housing Code and Minimum Occupancy Standards.
 - Rehabilitation judged to be damaging to the historical character or value of a structure by the State Historic Preservation Officer.
 - Repair or replacement of non-essential items (e.g. swimming pools and/or Jacuzzis).

5.2 Minor Repair Program

5.2.1 Program Description

The Minor Repair Program is designed to alleviate health and safety threats to low to moderate income homeowners (80 percent and below AMI) by providing assistance for minor home repairs.

Minor Repair is defined as limited, necessary repairs completed to alleviate health and safety concerns such as thermal environment, water leaks, unsafe plumbing conditions, and unsafe electrical hazards.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.2.2 Uses for Assistance

The uses for assistance under this program are limited to minor rehabilitation activities. Such repairs will not be designed to bring an entire structure into conformance with any standard or codes except health and safety regulations. Applicable codes and standards will be applied to individual repairs, and all repairs should be considered permanent.

5.2.3 Types of Assistance

- Assistance can be provided as a grant or loan.
- Parishes can provide grants to eligible households for the cost of rehabilitation of homes. There are no requirements for payment/re-payment of the grant as long as the applicant maintains ownership, residency, and insurance for a required term.
- Parishes can also choose to administer programs as a three-year forgivable deferred loan that places the entire dollar amount on the property. There are neither credit qualifying requirements nor re-payment requirements, as long as the applicant maintains ownership, residency and insurance for the required term. The Parish is responsible for executing and recording a Note and Mortgage.

5.2.4 Assistance Levels

Parishes are recommended to set a maximum of assistance for each applicant at \$15,000 per unit. The minimum assistance amount should be \$1,000. Amounts over \$15,000 per unit should require approval from the Parish administrator on a case-by-case basis and only where approved special circumstances apply, which is to be determined by the Parish. This includes securing a structure from further exposure and degradation caused by exposure to the elements.

5.2.5 Limitations

If all health and safety threats or roof repairs cannot be completed under this program, the property would be deemed infeasible and referred to the Homeowner Rehabilitation Program, if available. Parishes must design their program to best meet the needs of their residents. It is understood that fully functional homes better protect the occupants and add value to the overall neighborhood, thus increasing the livability of the entire Parish.

- Eligible Cost
 - Eligible costs are the cost of minor repairs to deficient or damaged structures and their components.
- Ineligible Cost
 - Ineligible repairs include, but are not limited to:
 - Work on buildings that are not considered the primary residence (e.g. detached garage, shed and/or barns)

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Landscaping and other yard or “non-structural” property improvements with the exception of basic ground cover.
- Interior repairs of accessory structures, unless authorized by OCD-DRU for health and safety reasons and/or required by the Building Department.
- The Parish is not required to bring the structure up to the standards of the Housing Code.
- Repair or replacement of non-essential items (e.g. swimming pools and/or Jacuzzis).
- Repairs judged to be damaging to the historical character or value of a structure by the State Historic Preservation Officer.

NO REHABILITATION/REPAIRS CAN BE UNDERTAKEN INVOLVING PAINT DETERIORATION, LOOSE PAINT, VISIBLE SURFACE DUST, PAINT CHIPS, OR ANY REHABILITATION OR REPAIR THAT WOULD INVOKE THE REQUIREMENTS OF 24 CFR PART 35 (LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES).

5.3 Elevation Program

5.3.1 Program Description

The Elevation Program provides program guidelines to parishes that declared Hurricane Isaac a disaster and elect to allocate funds through their own Parish Recovery Proposal. These funds shall be used to assist homeowners whose homes were damaged by Hurricane Isaac.

The objectives of the Elevation Program are:

1. To encourage resettlement by reconstructing residential properties that are prone to flooding.
2. To raise damaged homes to the point where the lowest floor is above the ground level by foundation walls, shear walls, posts, piers, pilings, or fill dirt. All parishes should follow the best available data when determining the required elevation height for each respective property.

To allow for funding of elevation, the Parish must adhere to the following:

- All properties must be elevated at least 1 foot above the latest base flood elevation issued by the Federal Emergency Management Agency (FEMA). At completion the property should comply with all applicable local, state or federal codes, ordinances and standards;
- Justify that elevation assistance is more appropriate than a Reconstruction, or Buyout program;
- Establish appropriate funding allocations; and,
- Evaluate the program's outcomes through monitoring of a sample of participants within one year of providing a final payment.

5.3.2 Assistance Levels

It is recommended that parishes set the maximum assistance for each unit at \$100,000. Exceptions may be considered on a case-by-case basis. Special circumstances include historic requirements

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

and lead paint abatement. If the Parish determines that an eligible structure requires more than the allowed \$100,000 for elevation, consideration should be given to determine if it is more cost effective to replace the existing structure with new construction rather than elevating the existing structure. If new construction would not meet the funding source's requirements and/or the local Building Codes and/or new zoning regulations, the Parish is under no obligation to do the new construction.

5.3.3 Special Eligibility Terms

In addition to the standard eligibility requirements, households must meet the following requirements:

- Structures to be elevated must have existed prior to the 2012 disaster declaration date and must have been located at the present location since that date.
- Properties which have been rehabilitated previously through a rehabilitation grant or loan are eligible for assistance under another Flood Mitigation Program.

5.3.4 Terms of Assistance

- Assistance can be provided as a grant or loan.
- Parishes can provide grants to eligible households for the cost of elevation. There are no requirements for payment/re-payment of the grant, as long as the applicant maintains ownership, residency, and insurance for a required term.
- Parishes can also choose to administer programs as a three-year forgivable deferred loan that places the entire dollar amount on the property. There are neither credit qualifying requirements nor re-payment requirements as long as the applicant maintains ownership, residency and insurance for the required term. The Parish is responsible for executing and recording a Note and Mortgage.

5.3.5 Limitations

- Eligible Improvements and Costs:
Eligible costs for elevation assistance should be the cost of repairs to a deficient or damaged structure and its components. Such repairs include, but are not limited to:
 - Disconnection of all utilities;
 - Installation and removal of beams for lifting the house;
 - Cribbing for a raised house, while the foundation is being built;
 - Building the foundation so that the lowest floor is one foot above BFE.
 - Lowering the house onto new foundation, seismic retrofitting of the elevated foundation including attachment of the building to that foundation;
 - Reconnecting of utilities - extending lines and pipes if necessary; elevating all utilities and service equipment (hot water heater, furnace, outlets for electricity, etc.) and
 - Providing meter reader access if necessary.
- Improvements must be permanently fixed.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Additions to the habitable space of the structure are eligible for assistance only in the following instances:
 - Construction of a utility room above BFE where utilities cannot be stored in the house, or where there is another cost effective way to elevate the utilities. If space must be constructed, it should be no greater than 100 square feet.
 - Elevation of an existing deck, porch or stairs; or construction of a new set of steps per minimum code requirements.
 - Where homeowner or members of their family are physically disabled, a physician's written confirmation is required before special access is included in the elevation. Multiple special access points are eligible for funding where necessary to meet code compliance. Where ramps are used to provide access, they shall be designed to meet federal standards for slope and width. Where ramps are not technically feasible, a mechanical chairlift may be installed. Such an installation should be on interior access stairways, where possible, and subject to local codes.
- Other eligible costs will be provided to replace, restore or repair the structure in the following instances:
 - Structures with an attached garage will be elevated to provide at least 8 feet (or as defined by local codes and standards) of clear space. The garage may be moved under the structure to utilize a previous surface; but, must be used only for parking or storage in accordance with local floodplain management ordinances and National Flood Insurance Program (NFIP) criteria.
 - Repair to the foundation is eligible where it is necessary for the safe elevation of the structure.
 - Replacement of termite damaged or dry rotted wood framing members are eligible costs when associated with the elevation, or required for recommended seismic bolting or bracing.
 - Minimum costs of exterior sheathing associated with what was damaged or removed during the elevation process only. Exterior finish must meet NFIP flood resistant materials and must meet local codes.
 - Insulation for pipes when required by local codes and standards.
 - Seismic upgrades per local and/or state codes as required, including bolting structure to foundation, and cripple walls.
 - Rough grade of yard and seeding of grass if damaged by equipment during the elevation process or where the elevation action affects slopes.
 - Miscellaneous items such as sidewalks and driveways.
- Ineligible Improvements and Costs
Ineligible elevation repairs include, but are not limited to:
 - Structures not consider the primary residence (detached garage, shed and/or barns)
 - Additions, expansions or elevations of appurtenances are ineligible, except as noted above.
 - Rehabilitation deemed as damaging to the historical character or value of a structure by the State Historic Preservation Officer.
 - Repair or replacement of non-essential items such as swimming pools and/or Jacuzzis.
 - Secondary residences (e.g. summer homes and guest cottages not used as permanent, year-round dwellings).

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Properties located in the regulatory floodway or on federal leased land.
- Funds may not be used to elevate a masonry chimney. If a fireplace is the sole source of heating, funds will be used to purchase and install the least expensive heating system adequate to meet the minimum local code requirements.
- HVAC systems cannot be expanded or increased in size and capacity unless the owner pays such costs beyond the HVAC's capacity to service the square footage of the original pre-disaster structure.
- Where existing underground utility lines have deteriorated, or do not meet code requirements, additional costs to repair such facilities shall not be eligible for reimbursement.
- An elevation that was begun or completed prior to completion of an environmental review and prior to the applicant's receipt of written approval of the project for funding is ineligible for assistance.
- A new structure which replaces a structure damaged by the 2012 flood will not be eligible for funding.
- Costs to elevate higher than the standard of one foot above BFE are not eligible.
- Landscaping costs are ineligible except as noted above.
- Elevations within an acquisition area designated by Louisiana Parishes are not eligible for funding.
- Construction of decks or porches, whether they existed prior to the flood or the elevation, except those that must be removed in order to do the elevation properly or as noted above.
- The costs to make improvements in cases where existing floor systems have been inadequately designed or constructed with undersized materials are not eligible for assistance.
- Costs for replacement of utility service components which are undersized, of inadequate capacity, or are unsafe are ineligible unless directly related to the action of elevating (i.e. well pumps).
- New furnaces are ineligible except as noted above.

5.3.6 Cost Reasonableness Standards

The Parish must adopt the Cost Reasonableness Standards for Elevation Program in order to ensure that the mitigation activity is cost beneficial (refer to Cost Reasonableness Guidance in Section 6 of the Grantee Administrative Manual for additional information).

Elevation Program unit cost guides are based on:

- Type of foundation;
- Height of foundation;
- Square footage of the home;
- Utility extensions; and
- Miscellaneous items such as: sidewalks, driveways, decks and porches.

In addition, the Parish must develop a procedure for recruiting local contractors that are experienced in elevating structures. (Refer to Section 6 Procurement Methods and Contractual Requirements of the Grantee Administrative Manual for additional information regarding contracting requirements.)

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

If additional work is required by HMGP and/or other Parish Departments as a condition of permit issuance, and if such work is not listed as eligible above, the owner will be required to provide matching funds equal to the amount of the cost to complete the required work.

In no event shall the Parish approve awards for work if it does not determine the structure to be physically sound and capable of being raised safely. Additionally the Parish should not approve a grant if the property is in violation of any applicable state or local code or ordinance, unless such violations are corrected as a result of the work paid for by Foundation Reconstruction assistance and owner's matching funds.

The Parish shall not approve awards for work required to repair a condition for which the applicant has received, or will receive, an insurance settlement or funds from another source (such as SBA) to pay for the repair, except to augment the insurance or other funds in cases where such funds are insufficient to make the required repairs in compliance with all applicable codes or ordinances.

Work by the applicant may not be a part of the contract or award. No "volunteer" assistance is allowed primarily for liability reasons. Award applicants will be advised of other applicable funding sources as appropriate.

5.4 First Time Homebuyer Program

5.4.1 Program Description

The First Time Homebuyer Program is to provide soft second mortgages to eligible first-time homebuyers to purchase a single- or a two-family property damaged by Hurricane Isaac. These disaster recovery funds shall only be used to accommodate unmet housing needs. Eligible first-time homebuyers are those at 80 percent or less of the Area Median Income (AMI). This program is designed to fill the gap between the sale price of the property and what an applicant can afford.

HUD defines a first-time homebuyer as an individual who meets any one of the following criteria:

- An individual who does not have an ownership interest in a principal residence during a three-year period prior to the date of purchase. For spouses, if either meets the above test, they will be considered first-time homebuyers.
- A single person who has only owned a property with a former spouse.
- An individual who has only owned a principal residence that was not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with applicable codes and cannot be made compliant for less than the cost of constructing a permanent structure.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.4.2 Types of Assistance

The Parish shall determine the amount of subsidy needed by first-time homebuyers. The Parish should consider the same in its program's design. Determination of required subsidy entails an analysis of the homebuyer's finances and a determination of how much the homebuyer could afford to borrow from a primary lender.

- **Maximum Soft Second Mortgage:** The maximum purchase assistance for any applicant is determined by the administering Parish. However, the amount should not exceed 50 percent of the sales price. Closing costs are not to exceed 9 percent of the sales price or \$10,000, whichever is less. The amount of the soft second mortgage is calculated after other down payment funds are considered including: gift funds, grants or other federal, state or parish down payment assistance funds.
- **Second Mortgage Interest and Payment Requirements:** The annual percentage rate of interest on the CDBG funded loan shall be 0 percent. No monthly payments will be required. The administrator of the program will monitor all first mortgage lender fees to insure that they are consistent with standard fees charged for a FHA/VA 30 year fixed rate mortgage loan product. The administrator can allow for up to a \$250 lender processing fee for the second mortgage.
- **Second Mortgage Payee:** The second mortgage will be made payable to the Parish.
- **Loan Forgiveness:** The CDBG Soft Second Loan is forgiven after a minimum of three years, to a maximum of 10 years, with proof of continuous owner occupancy. Exceptions to this rule include serious illness or death of the homebuyer or job relocation greater than 150 miles. There is no requirement for repayment unless the property is sold or transferred within Parish's designated time frame. The loan can be forgiven at equal intervals over the period of the loan or at the conclusion of the term, as designated by the Parish.
- **Occupancy Requirement:** Purchasers of homes financed with the CDBG leveraged loan product must occupy purchased unit as their principal residence for a minimum of three years to a maximum of 10 years. Failure to do so without the written permission from the administrator will result in either the prorated amount of the CDBG loan or the full amount being immediately due and payable. Repayment of the original CDBG second loan shall be due if the first mortgage loan is extinguished upon sale or refinance within the time frame designated by the administering Parish.
- **Gift of Funds:** "Gift of funds" up to 10 percent of the selling price may be used to reduce the principle amount to be financed.
- **Homebuyer Investment:** Homebuyer is required to make an initial investment in the home of at least 1 percent of the purchase price or \$1,000, whichever is greater.
- **Homebuyer Education and Counseling:** All eligible homebuyers must receive at least 12 hours of homebuyer education and/or counseling from one of the participating homebuyer training organizations certified by the Louisiana Homebuyer Training Collaborative, Inc.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Homebuyers of a two-unit residence must also complete a landlord training seminar from one of the participating homebuyer training organizations certified by the Louisiana Homebuyer Training Collaborative, Inc.

- **Maximum Purchase Price:** The purchase price of each property will not be greater than the Area Median Price (AMP) for the area the property is located. It is the Parish's responsibility to determine the Area Median Price for the area in which the property is located. Local real estate offices and local lending institutions may assist each Parish with this information. Allowances above the AMP and up to the FHA loan limits can be made on a case-by-case basis and must be approved by the Parish.
- **Debt Ratios:** A common guideline for debt-to-income ratios is 33/38. A borrower's housing costs consume 33 percent of their monthly income. Add their monthly consumer debt to the housing costs, and it should take no more than thirty-eight percent of their monthly income to meet those obligations. The guidelines are just guidelines and they are flexible to an extent. If you make a small down payment, the guidelines should be more rigid. If you have marginal credit, the guidelines should be more rigid. If you are a first-time homebuyer with no history of mortgage payments then the guidelines should be more rigid. If you make a larger down payment or have exemplary credit, the guidelines are less rigid. The guidelines also vary according to loan program. FHA guidelines state that a 29/41 qualifying ratio is acceptable, and the State follows this guideline for its First-Time Homebuyer Programs.

Refer to Section 5.1 Homeowner Rehabilitation for additional information and/or requirements regarding rehabilitation of a purchased home.

5.5 Voluntary and Non-Voluntary Relocation/Buyout Program

5.5.1 Program Description

The Relocation/Buyout program is designed to assist owners of property located in areas prone to dangerous flooding to relocate to safer areas. This program also outlines how the Parish may purchase damaged or destroyed homes from homeowners. These projects may include:

- Buyout payments for owners of property living in high-risk areas;
- Relocation payments to tenant-based residents to move to safer locations (URA);
- Eminent Domain.

In a property acquisition project, the Parish buys private property, acquires title to it, and then clears it. Property acquisitions work the same way as any other real estate transaction. Property owners who want to sell their properties will be given fair market prices for them.

5.5.2 Type of Assistance

Funding is provided in the form of an offer to purchase the property (accounting for duplication of benefits) from the current owner. CDBG funds can also pay all costs usually associated with real estate transactions, including the appraisal, title search and, if necessary, lot survey.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.5.3 Terms of Assistance

- The property owner should be responsible for any mortgages, liens, etc., against their property as is customary in a real estate sale. Also, the homeowner should be responsible for both the moving costs and other costs associated with renting or buying new property. Since property acquisition relies on voluntary participation, the Parish should not pay any relocation costs.
- In voluntary acquisitions, agencies should not pay costs required to perfect the owner's title to the real property acquired. Agencies should require owners to transfer the property with clear title; without heirship, title dispute, or other title problems, such as liens.
- The property should be vacant at time of closing. The Parish should ensure that all structures are removed from the property within 90 days of property settlement.
- The Parish should provide for the continued maintenance of the property after the initial debris removal, vegetative site stabilization, and new landscaping are complete.
- Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or wetlands management practices.
- No new structure will be erected on property acquired, accepted or from which a structure was removed under the acquisition or relocation program other than (a) a public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (b) a rest room; (c) a flood control structure; or (d) a structure that the local floodplain manager approves in writing before the commencement of the construction of the structure.

5.5.4 Priority Location

Buyouts are administered by the Parish. The Parish should work with local communities to identify areas where buyouts make the most sense. Buyouts are an important way to reduce the risk of future disasters. Money is limited and in most cases, the amount of money set aside for mitigation cannot meet all of the mitigation needs following a disaster. The Parish should prioritize buyout programs with input from the local communities.

5.5.5 Relocation

There are specific circumstances in which the activities undertaken in a buyout or relocation program may trigger actions mandated under the Uniform Relocation Act (or "URA"). Grantees should review the regulations detailed in 49 CFR Part 24 and consult Section 10 of the OCD-DRU Grantee Administration Manual for guidance on how to ensure compliance with the applicable laws.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.5.6 Fair Compensation

For each property identified for acquisition, the Parish should establish and document a fair market value. The value should be derived from a reasonable methodology that is consistently applied throughout the parish. Methods may include:

- Independent appraisals (which are recommended);
- Opinions of value; or
- A formula based on tax assessments.

Parishes may offer up to the pre-event market value of the property. OCD-DRU determines whether the valuation should be the post-event market value. If no damage has occurred to the properties in more than 12 months and they are currently occupied, then the post-event (current) market value should be used. All appraisals in a given Parish should be based on the same terms. The Parish should ensure that all property owners are treated fairly and are offered an equitable package of benefits. As detailed above in the Duplication of Benefits, the Parish should make specific deductions from the established pre-event fair market value before making a purchase offer.

There may be a difference between the amount the Parish pays an owner for his or her damaged residence and the cost of a comparable replacement home in a non-hazard prone location. The Parish may provide owner occupants the difference between the two amounts up to a designated amount as defined by the Parish.

The Parish should demonstrate that all of the following circumstances exist:

- Decent, safe, and sanitary housing of comparable size and capacity is not available in non-hazard-prone sites within the nearby community at the anticipated acquisition price of the property being vacated;
- The absence of this project would have a highly adverse effect on low income or minority populations because project participants in said populations would not otherwise be able to secure comparable decent, safe, and sanitary housing; and
- Funds cannot be secured from other more appropriate sources such as housing agencies or volunteer groups.

Fair market value is an estimate of the amount of money that a property could sell for on the open market. The "Market Value" estimate used by the Appraisal District for tax purposes is not used in determining the "Current Fair Market Value". The homeowner will need to provide a signed "Property Appraisal Permission and Release" form to the Parish. This will allow the Parish to appraise and make an offer on the property.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

5.5.6 Closing: Parish Takes Ownership

Once the Parish receives and reviews the appraisal, it will send a notice of eligibility to the applicant. Next, the Parish's authorized representative should prepare an "Act of Cash Sale". Last, the representative will meet with the owner to present the contract in person.

Depending upon the scope of the project, title to the property can be accepted in one of two ways:

1. The Parish acquires or accepts the full title (preferred method); or
2. The Parish acquires a conservation easement that runs with the property in perpetuity.

The Parish submits request for payment and notifies Title Company to schedule closing. The deed transferring title to the property will be recorded with restrictions according to state law within 14 days after settlement and will run with the land in perpetuity.

5.6 Small Rental Property Repair

5.6.1 Program Description

The Small Rental Repair program is designed to provide rehabilitation or reconstruction assistance to owners of one- to four-unit rental properties who sustained property damage during Hurricane Isaac. This assistance is intended to aid in the reestablishment of damaged rental housing in a parish, particularly for residents with low to moderate incomes.

Rehabilitation is defined as repair or renovation of a limited specified area or portion of a housing structure. Reconstruction is defined as the rebuilding of a structure on the same site in substantially the same manner.

5.6.2 Types of Assistance

- Assistance can be provided as a traditional loan or as a forgivable loan. The assistance should be tied to a requirement mandating that the property owner make the completed units available at affordable rates to low-moderate income individuals. Details related to tenant income limits (with and without the property owner paying utilities), rent limits, and other relevant information can be found on HUD's CPD website (http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning).
- Parishes can provide loans to eligible property owners for the cost of rehabilitation of their property. The loan would then be repaid based on a term established by the Parish. The Parish is responsible for executing and recording a Note and Mortgage.
- Parishes can also choose to administer the program as a forgivable deferred loan that places the entire dollar amount on the property. There are no re-payment requirements as long as the applicant maintains ownership, meets the affordability requirements and

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

maintains insurance for the required term. The Parish is responsible for executing and recording a Note and Mortgage.

5.6.3 Assistance Levels

Parishes are recommended to set the maximum assistance for each applicant at \$100,000 per unit. Amounts over \$100,000 per unit should require approval on a case-by-case basis and only where special circumstances apply (i.e. historic requirements, lead-paint abatement, etc.).

- If the Parish determines that an eligible unit's rehabilitation requires more than \$100,000, the Parish's designated staff may make a determination on whether it is more cost effective to replace the existing unit with new construction. If new construction cannot meet the requirements of the program's funding source, local Building Codes and/or new zoning regulations, the Parish is not obligated to do the new construction.
- If a unit has a total rehabilitation cost that is less than \$25,000; then the unit is required to meet the International Property Maintenance Code (IPMC). Where the total rehabilitation cost is more than \$25,000, the unit must meet the current edition of the International Building Code (IBC). Additionally, the entire structure must comply with any existing local health and safety codes.
- Buildings on or eligible to be placed on the National Register of Historic Places shall be renovated in accordance with the Secretary of the Interior's Standards for Rehabilitation and may be exempt from other requirements. Any additions or non-historic alterations to the structure should be made in compliance with IBC requirements.
- All replacement of substantially-damaged residential buildings must meet the Green Building Standard for Replacement and New Construction of Residential Housing. Grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist (available on the CPD Disaster Recovery Website at <https://www.onecpd.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>) for all rehabilitation of non-substantially damaged residential buildings.
- Grantees must elevate all substantially-damaged residential buildings one foot higher than the base flood elevation, determined in accordance with the best available data.

5.6.4 Limitations

There are restrictions based on limited CDBG funds allotted to projects. Consequently, certain repair costs are not eligible for Homeowner Rehabilitation assistance.

- Eligible Costs
 - Eligible costs are the cost of repairs to deficient or damaged structures and their components.
- Ineligible Costs
Ineligible repairs include, but are not limited to:

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Work on buildings that are not considered the primary residence (e.g. detached garage, shed and/or barns)
- Additional rooms, except as required meeting the Housing Code and Minimum Occupancy Standards.
- Rehabilitation judged to be damaging to the historical character or value of a structure by the State Historic Preservation Officer.
- Repair or replacement of non-essential items (e.g. swimming pools and/or Jacuzzis).

Programs serving rental households have specific requirements that must be accounted for in both program design and implementation. It is recommended that parishes choosing to implement such programs consult with state officials in order to ensure that all applicable rules and regulations are being followed.

5.7 Hazard Mitigation Assistance Cost Share for Low-Moderate Income Households

5.7.1 Program Description

The Hazard Mitigation Assistance (HMA) Cost Share for Low-Moderate Income (LMI) Households program is designed to leverage investment for long-term resiliency while also providing assistance to low- and moderate-income households. Per Federal Register Vol. 78, No. 76, HUD has stipulated specific requirements regarding sustainable rebuilding efforts as part of its disaster recovery programs. These requirements include “elevating or flood proofing new construction and substantial improvements to one foot above the base flood elevation” for those projects within special flood hazard areas or equivalent in FEMA’s “most recent and current data source.”

Recognizing the State’s long and well-documented history of flooding, as well as its ongoing efforts to mitigate future flooding in its most vulnerable areas, the State is committed to upholding both the spirit and the letter of these requirements. In order to accomplish this goal, parishes can utilize CDBG funding as a means of covering the cost-share requirement present for property owners participating in a FEMA funded Hazard Mitigation Assistance program.

OCD-DRU and LHC will work closely with the Governor’s Office of Homeland Security & Emergency Preparedness (GOHSEP) regarding the coordination of the two funding sources (HUD and FEMA) and compliance with the respective rules and regulations that follow each.

FEMA’s guidance on the administration of Hazard Mitigation Assistance programs can be found at <https://www.fema.gov/media-library/assets/documents/33634>

5.7.2 Types of Assistance

The assistance provided within this program will represent the cost-share required when participating in FEMA Hazard Mitigation Assistance programs (e.g. Hazard Mitigation Grant Program, Repetitive Loss/Severe Repetitive Loss, and Flood Mitigation Assistance, among others).

Assistance can be provided as a grant or loan.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Parishes can provide grants to eligible households for the cost of rehabilitation of homes. There are no requirements for payment/re-payment of the grant as long as the applicant maintains ownership, residency, and insurance for a required term.
- Parishes can also choose to administer the program as a three-year forgivable deferred loan that places the entire dollar amount on the property. There are neither credit qualifying requirements nor re-payment requirements, as long as the applicant maintains ownership, residency and insurance for the required term. The Parish is responsible for executing and recording a Note and Mortgage.

5.7.3 Assistance Levels

Parishes are recommended to set the maximum assistance for each applicant at 25 percent of the total project cost (i.e. the amount of the cost-share). Ultimately, the cost guidelines developed by FEMA and GOHSEP governing the HMA project will determine the amount of assistance required for the cost-share and, therefore, the amount of CDBG funding provided under this program.

5.7.4 Limitations

- **Household Income**
In order to participate in this program, applicants must demonstrate that their household income meets HUD's standards for being considered a low-moderate income household. For additional information on determining household income, see Section 7.5 of this manual.
- **Eligible/Ineligible Costs**
FEMA's guidelines related to the administration of its HMA programs will determine both eligible and ineligible costs when determining the total cost of each mitigation project.

5.7.5 Special Considerations

As this program is administered in conjunction with a parish's Hazard Mitigation Assistance program(s), there are special circumstances that apply:

- **Eligibility**
Owners of both owner-occupied and small rental properties (i.e. one to four units) are eligible for assistance under this program. Regardless of the end use of the property, all applicants must demonstrate that their household meets the low-moderate income qualifications.
- **Environmental Review Record**
As part of the coordination with GOHSEP, parishes will be able to utilize the environmental clearance completed by FEMA to satisfy the requirements associated with the CDBG portion of the overall funding being put toward the mitigation project.
- **Project Close-Out**
Parishes can begin close out processes once all mitigation projects have been fully completed (i.e. once both the CDBG and HMA portions have been fully expended).

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

There are special circumstances involved when administering this cost-share program related to the coordination with FEMA and GOHSEP. Parishes choosing to implement this program should consult with state officials in order to ensure that all applicable rules and regulations are being followed.

6.0 GENERAL PROGRAM GUIDELINES

The Parish must develop program guidelines that outline its housing program's procedural requirements. The guidelines should be administered uniformly.

These guidelines should be written to specifically apply to a project and clearly define what the Parish requires of an applicant in return for inclusion in a program. Guidelines should contain the following elements:

- Types of financial assistance,
- Uses of financial assistance,
- Applicant eligibility,
- Property eligibility,
- Property standards,
- Contracting requirements,
- Optional relocation requirements,
- Grievance procedures, and
- Maintenance agreements.

Each applicant is required to complete and sign the CDBG Reporting Form at their initial interview. All applicants initially selected to participate in a program are deemed potential applicants until their income can verify that they are at a low and moderate-income, based on the applicable HUD income limits. This applicant's household income is not required to be re-examined at the time CDBG assistance is provided unless more than six months have elapsed since the household's income was verified.

7.0 HOUSEHOLD SELECTION AND ELIGIBILITY

7.1 Property Standards

The local government will be required to adopt the following minimum standards, (a) the International Building Code as adopted by the State of Louisiana, (b) asbestos detection and abatement requirements of the Louisiana Department of Environmental Quality (c) HUD's Lead-based Paint Controls and Abatement Standards, and the Fire Administration Authorization Act of 1992.

The guidelines should clearly state both the eligible and ineligible improvements. Key rules in this area include:

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Improvements made to bring the property up to code or that conserves energy should be specified as an eligible improvement.
- Exterior painting or siding should also be deemed eligible.
- General property improvements – carports, window air conditioning, den additions, etc., are generally ineligible. Refer to 24 CFR 570.487 (c) for additional information.

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

7.2 Ineligible Activities

The general rule is that any activity not specifically authorized under the CDBG regulations is ineligible for CDBG assistance.

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

7.3 Ownership

In order to be eligible, applicants must demonstrate property ownership. Parishes are responsible to ensure that each file contains proof of property ownership at the time of the storm. This can be obtained through deeds and property records. Eligible forms of ownership include:

- Fee simple title to the property; or
- Ninety-nine (99) year leasehold interest on the property (or a fifty (50) year leasehold on a trust, or fifty (50) year leasehold on restricted Indian lands); or
- Warranty Deed (all types); or
- Life Estate;
- Probated Will/Court Order/Judgment; or
- Lease to Own (only if converted to full ownership prior to date of application).

In the absence of proof of property ownership described above, to be eligible for assistance, the applicant's household must provide the Parish with the following:

- Proof of paid property taxes (dated as of the billing cycle that included August 2012);
- Proof of paid homeowner's insurance (for the year that included August 2012); and
- Contracts for deed.

The following types of "ownership" are NOT acceptable:

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Contracts for sale;
- Quit claim deed;
- Bond for deed;
- Rent to Own;
- Lease to Own (unless converted to ownership prior to date of application); or
- Usufruct: Case-by-case basis to be determined by the program. Usufruct cases should be encouraged to apply for the program.

Special Circumstances Related to Ownership Identity

- Multiple individuals on the deed: All should sign application. All should be present at closing and all should sign closing documents; unless one is granted power of attorney for the others on the deed.
- Incapacity or infirmity of applicant: If an applicant is incapacitated due to illness or other infirmity, someone with a legal right to bind that person, such as is provided by a power of attorney, should be eligible to apply for assistance on behalf of the applicant.
- Death of homeowner(s): If the homeowner has died since the time of the storm, an heir should have been placed in legal possession of the property to be eligible for assistance in place of the deceased owner.

The Parish Tax Record(s) should be the primary source of information to determine ownership. All applicants should be listed on the Deed.

7.4 Occupancy

To confirm occupancy, the applicant should obtain a Homestead Exemption in the property tax records provided by the Parish from the time of the storm. If the tax records establish ownership and the Parish has granted a homestead exemption, the property is considered occupied by the applicant. In the absence of the Parish being able to confirm a homestead exemption, the Parish should use the following hierarchy to establish occupancy (all documentation should be from the time of the storms):

- 2012 tax records demonstrating homestead exemption for the property
- Copy of electric, gas, water, trash, sewage, cable or landline phone bill. The bill must confirm that service was provided in the month preceding applicable storm and must match name and address on the application.
- Letter from electric, gas, water, trash, sewage, cable or landline Phone Company. The letter must confirm that service was provided in month preceding applicable storm and must match name and address on the application.
- Voter registration records along with a drivers license matching the name and address on the application.

A "second home," as defined in IRS Publication 936 (mortgage interest deductions), is not eligible for rehabilitation assistance, residential incentives, or to participate, in a CDBG-DR buyout program.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Copy of credit card bill sent to damaged residence in month preceding storm and matching the name and address on the application.
- Copy of bank statement sent to damaged residence in month preceding storm and matching the name and address on the application.
- Copy of applicant's insurance policy covering the home or the contents of the home. The policy must confirm insurance coverage at the time of the storm and must match name and address on the application.
- Copy of city directory at the time of the storm that lists the applicant residing at the damaged residence address.

7.5 Determining Household Income

OCD-DRU requires that an initial threshold determination of household income be conducted for each applicant before their grant application is considered. The income determination must be conducted using the current fiscal year's Section 8 Median Income Limits for the applicants' parish. These limits are posted on OCD-DRU's website. Once funds have been awarded, the Parish must conduct a detailed income verification of all applicants before providing any assistance. OCD-DRU requires all Parishes to follow the Part 5 (Section 8) method of calculating annual household income.

The Part 5 (Section 8) definition of annual income is the gross amount of income of all adult household members anticipated to be received during the coming 12-month period.

24 CFR Part 5 provides a comprehensive list of the types of income that are included and excluded from the calculation of annual gross income. Income from assets is also recognized as part of annual income under the Section 8 definition. Details and forms used for calculating household income for rehabilitation projects are provided in the "Technical Guide for Determining Income and Allowances for the HOME Program" which can be ordered from Community Connections at www.comcon.org or by calling Community Connections at 1-800-998-9999.

The following steps should be taken to determine household income for the purpose of determining eligibility for CDBG housing assistance:

- Step 1: Ask questions of the household regarding annual income and income from assets. Follow the technical guide pertaining to what types of income to include and exclude.
- Step 2: Gather appropriate documentation such as wage statements, interest statements, third-party verifications, etc. Parishes should use an Applicant Release to Obtain Verification of Income. Note: While verification from other agencies and employers is considered appropriate, self-certification of income by the household is not sufficient.
- Step 3: Use the Annual Household Income Calculation Form to calculate total household income.
- Step 4: Compare the total household income to the HUD income limits for that household's size. Income limits are provided by OCD-DRU and can be found on HUD's or OCD-DRU's website. Based on this comparison, determine if the applicant is eligible for assistance.
- Step 5: Place the income calculation, determination and back-up documentation in the appropriate files.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

All applicants initially selected to participate in the program are deemed potential applicants until verification of income can establish that they are low and moderate-income, based on the applicable HUD income limits. This applicant's household income is not required to be reexamined at the time CDBG assistance is provided, unless more than six months have elapsed since the household's income was originally certified.

The Parish should set the standard for being considered a low-moderate income household as having a gross maximum income level for all household members that does not to exceed 80 percent of the Area Median Income. The current fiscal year HUD Income Limits can be accessed at the following web link: <http://www.huduser.org/portal/datasets/il.html>.

Note: All households participating in the HMA Cost Share for LMI Households program must be low-to-moderate income. For all other programs, any households served above 80% LMI would have to be considered Urgent Need or Slum and Blight.

HUD's HOME Program website has an electronic income calculator that allows the user to do the income calculation in an automated fashion. The rules for calculating income are the same for both programs (HOME and CDBG), so Parishes can utilize this tool.

7.6 Structure Types

The structures eligible for these programs are single-family owner-occupied houses, multi-family owner-occupied and rental houses, condominiums, and townhomes. Multi-family houses (containing up to four units) are only eligible for assistance within the Small Rental Property Repair program and the HMA Cost Share for LMI Households program. Condominiums are only eligible for assistance within the First Time Homebuyer Program, but only if they are FHA approved properties.

Owners of manufactured homes (e.g. mobile homes) on owned land are eligible for limited types of assistance. Manufactured homes may be eligible for minor repairs on a case-by-case basis and as approved by the LHC, as long as those repairs constitute less than 51 percent of the pre-storm value of the structure. Such homes are not eligible for rehabilitation assistance; however, they are eligible to be replaced with stick-built construction or a modular home. In instances where an applicant's storm-damaged dwelling was a manufactured or mobile home, parishes should determine the feasibility and cost effectiveness of constructing a stick-built dwelling or modular home on the applicant's property. The replacement home should be of a similar size (no more than 10 to 15 percent larger than the square footage of the damaged home) and meet all local building codes and ordinances (including applicable elevation requirements).

7.7 Property Damage

With the exception of households participating in the HMA Cost Share for LMI Households program, applicants must prove that the home was damaged or destroyed between August 28 and 30, 2012, as a direct result of Hurricane Isaac. Proof may be provided by a showing any of the following:

- The household received home repair/replacement assistance from FEMA;
- The household received a loan from SBA for Isaac-related damage; or
- The household received an insurance settlement for Isaac-related damage.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

As part of eligibility determination for this program, all housing units should be inspected to determine if repairs can be made under the program. Factors to be evaluated include but are not limited to: the type of repair, ability for the repair to be undertaken without disturbing a painted surface, and the total cost of the repair(s).

If a unit does not qualify for assistance based on the inspection, the Parish should notify the homeowner.

7.8 Location

To qualify for assistance, the Parish should define the eligible location for the project, such as being within the Parish limits or a specific target area.

The home must be located in one of the parishes included in the President's disaster declaration to qualify for individual assistance based on damage sustained from Hurricane Isaac.

7.9 Insurance

Applicants must also have current insurance and maintain insurance over the period of CDBG assistance for a property to be eligible for CDBG funds. The Parish should be listed on the policy as an additional party to obtain notification of insurance coverage or changes to the policy.

If the property lies in the 100-year floodplain zone, flood insurance is required.

It should be noted that recipients of compensation from Hurricanes Katrina, Rita, Gustav, or Ike who did not have flood insurance (if applicable) at the time of sustaining damages from Hurricane Isaac are not eligible for assistance with CDBG funds. Each Parish will be responsible for verifying and documenting insurance coverage for each household assisted.

7.10 Taxes

All delinquent property taxes should be paid on the property prior to the Parish providing any housing assistance. Applicants should include proof of property taxes that were paid (dated as of the billing cycle that included August 2012).

7.11 Mortgage

Applicants must provide proof that mortgage payments are current.

7.12 Relocation

As described in Section 10 of the Grantee Administrative Manual: Acquisition and Relocation, Federal relocation requirements generally do not apply to homeowner rehabilitation programs since participation is voluntary and usually does not involve permanent displacement.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

However, the Lead Safe Housing Rule (LSHR) states that temporary relocation may be required if lead hazard reduction work is performed. The Parish is not obligated to provide financial assistance; however, it must ensure the family is relocated to a suitable, decent, safe and similarly accessible dwelling unit that does not have lead-based paint hazards. In order for a parish to implement a relocation program, the Parish should budget funds towards its use and adopt a relocation policy into their housing program policies and procedures.

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

- Parishes must have a written policy on eligibility and level of relocation benefits, labeled as an Optional Relocation Policy. Benefits are to be distributed in a fair and nondiscriminatory manner.
- Applicants who are relocated temporarily must be offered a dwelling that is suitable, safe, sanitary and lead safe. The unit does not have to be comparable.
- Parishes electing to adopt a relocation policy in addition to the current housing policies and procedures should contact their LHC Housing Specialist for further guidance.

See Section 10: Acquisition and Relocation of the Grantee Administrative Manual for more information to ensure compliance.

7.13 Priority Assistance

Priority assistance will be given to applicants who have emergency conditions in their homes that represent a threat to their health and safety.

Examples include, but are not limited to dangerous conditions caused by plumbing, electrical, roofing or heating hazards.

Other types of moderate and substantial rehabilitation assistance will be addressed according to a level of priority assigned by staff.

8.0 GENERAL OPERATING PROCEDURES

8.1 Grant Application

The applicant must complete an application intake form, and then submit the application packet for Parish review, which includes the following:

- Copy of Deed;
- Copy of complete set of most recent federal Income Tax Returns, including all schedules and attachments for all persons in the household ages 18 and over; and

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- Third party verification of employment, if necessary.

Other income documentation (supply a copy of the award letter or a copy of the check or direct deposit statement):

- Social Security/SSI;
- Retirement;
- Disability;
- Aid to Families with Dependent Children (AFDC);
- Rental Receipts;
- Interest on Savings/Income Earning Accounts;
- Documentation of property tax payment;
- Copy of Social Security Card for all children under the age of 18 living in the home;
- Copy of current identification (i.e., driver's license or State of Louisiana ID card); or
- Other support documentation as requested.

The information collected is confidential and should be treated as such. Applicant's permission to obtain and verify any personal information must always be sought before attempting to collect.

8.2 Screening Applicants

Applicants must be screened to determine income, property ownership and any other applicable criteria as specified in the Parish guidelines.

HUD's latest clarification on Duplication of Benefits requirements can be found at <http://www.gpo.gov/fdsys/pkg/FR-2011-11-16/pdf/2011-29634.pdf>

The screening process is initially done using OCD-DRU's Rehabilitation Household Survey. If the household is receiving more than \$1,000, re-verification of income using the Part 5 (Section 8) definition of income is required. An individual intake form for each program type or another application format, at a minimum, must contain the following information:

- Name of the owner and address of the property;
- Signature of the owner and the date;
- Number of persons (adults and children) in the applicant household and their ages;
- Sufficient information to show that the applicant meets the Parish's program eligibility criteria;
- Sufficient information concerning the applicant's household income;
- Verification that property taxes are current; and
- Verification that mortgage principal and interest payments are current and that the mortgage is not in a delinquent or failed status.

During the interview, the applicant should receive a copy of the pamphlet, "Protect Your Family from Lead in Your Home," which can be downloaded from OCD-DRU's website. The Parish must document that the Lead-Based Paint Pamphlet was provided to the applicant before any work may begin. If the house is reconstructed, then distribution of the pamphlet is not required. The file should, however, include documentation that the project is exempt from the Lead Safe Housing

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Rule since it is a reconstructed property. For additional information, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.

The information collected is confidential and should be treated as such. Applicant's permission to obtain and verify any personal information must always be sought before attempting to collect.

8.3 Selection & Ranking

The total amount requested from all applications may exceed the amount of grant funds available. The Parish is responsible for reviewing and ranking potential projects by priority. This should be defined in the Program Guidelines adopted by the Parish.

The Parish should establish a selection process to thoroughly review all project applications, and meet with each eligible property owner to explain the program. This can be in the form of a public meeting or a one-on-one meeting with each homeowner.

The Parish should document the ranking and selection process utilized in making the determination in each individual applicant's file.

8.4 Duplication of Benefits

The Robert T. Stafford Disaster Relief and Emergency Act (Stafford Act) requires that recipients of Federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance. Because disaster assistance to each person varies widely, based on their insurance coverage and eligibility for Federal funding, parish administrators cannot comply with the Stafford Act without first completing a duplication of benefits analysis specific to each applicant.

Rehabilitation includes repair and reconstruction. If a homeowner receives rehabilitation funds from CDBG disaster recovery, all other assistance provided to address that home's rehabilitation must be included. The Parish should first determine the applicant's total post-disaster need in absence of any duplicative benefits or program caps. Following the identification of total need, duplicative assistance can later be subtracted and program caps applied to arrive at the final award amount.

Sources of federal disaster assistance that parishes should pay special attention to include, but are not limited to: the State Hazard Mitigation Grant Program, the Road Home Program (Homeowner Assistance Program and Small Rental Property Program), Gustav/Ike parish recovery funding, FEMA disaster assistance, and Small Business Administration disaster loans.

HUD has published special guidance related to SBA loans, which can be found at its OneCPD Resource
--

For certain housing programs, it may be necessary for parishes to request verification from OCD-DRU regarding the amount of funds (if any) that program applicants have received in federal grant assistance as a result of hurricanes Katrina, Rita, Gustav or Ike. Program administrators will receive a spreadsheet template from their assigned housing specialist to verify benefits received from The Road Home Program and The State Hazard Mitigation Program. The template should be completed by the Parish and returned to the assigned housing specialist following the applicants' initial

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

program eligibility. The housing specialist will send the data back to the program administrator, making note of any issues that are discovered during the duplication of benefits (DOB) check.

Under certain circumstances, the results of the DOB check may have an effect on an applicant's program eligibility or require a particular application to be placed on hold while further analysis is conducted. The information provided by OCD-DRU in the DOB reports should be considered accurate for no more than 60 days from the date of receipt; after which the Parish is required to re-submit the data for re-verification prior to the disbursement of funds.

It is the Parish's responsibility, as the program administrators, to use the information to verify that the figures provided by the applicant are up-to-date and accurate. This verification procedure does not serve as a substitute to the Parish requiring that program applicants provide paperwork showing the amounts of grant assistance received or any other DOB verification protocol. Rather, the DOB data is to be used as a supplement to the Parishes' efforts to confirm that all federal grant assistance is taken into account.

8.5 Inspection

In order to determine the extent of the applicant's rehabilitation needs, an inspection of the property is required. All initial inspections will include a complete Minimum Housing Standards Code evaluation. Priority will be given to emergency conditions, which pose a threat to the health and safety of the residents.

Housing repairs/construction will not be made to homes where additions have been made without permits, are not in conformance with the building code, or where the property is in violation of zoning ordinances.

Homes undergoing rehabilitation or repairs that were built prior to 1978 must be tested for lead-based paint. The HUD rules and regulations that govern the Lead-Based Paint process can be found in 24 CFR Part 35.

8.6 Environmental Review

These housing programs, which are designed to address unmet housing needs of homeowners whose homes sustained damage as a result of Hurricane Isaac, are undertaken with CDBG funds and are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 CFR Part 58. The primary purpose of this Act is to protect and enhance the quality of our natural and human environment.

The HUD environmental review process must be completed before any CDBG funds can be accessed for program-eligible activities. In addition, no work may start on a proposed project before the environmental review process is completed, even if that work is being done using non-HUD funds. In other words, environmental clearance must be obtained for each project prior to the firm commitment of federal or non-federal funds. A violation of this requirement may jeopardize federal funding to this project and disallow all costs that were incurred before the completion of the Environmental Review.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

The primary objectives of the HUD environmental review are to identify specific environmental factors that may be encountered at potential project sites, as well as to develop procedures to ensure compliance with regulations pertaining to these factors. The HUD environmental review is designed to produce program-specific environmental review procedures in a program that can vary greatly in terms of scope of work.

Laws and regulations that contain environmental provisions with which the Parish must comply include:

- Noise
- Historic Properties
- Coastal Zones
- Environmental Justice
- Floodplains
- Wetlands
- Manmade Hazards
- Water Quality
- Air Quality
- Endangered Species
- Farmland Protection

Each parish assumes the responsibility for the completion of these reviews, which are designed to examine all environmental consequences that could occur as a result of these housing programs. The parish should procure an environmental consultant, who is experienced with HUD environmental review records, as reviews for housing programs are typically time-consuming, detailed and expensive to complete.

HUD rules and regulations that govern the environmental review process can be found in 24 CFR Part 58, as well as Section 9: Environmental Review in the Grantee Administrative Manual.

9.0 MAINTENANCE AGREEMENTS

Each applicant under a voluntary program is required to agree to maintain their property for the term of the financial assistance. Maintenance of the property should be examined by the Parish throughout the term of financial assistance.

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

10.0 MARKETING

In order to ensure a sufficient pool of qualified applicants, program staff should develop a marketing plan and materials. Marketing plans should include procedures to ensure that the program is marketed and available to the full range of potential applicants, including those least likely to apply. These procedures should address the following:

- Use of equal opportunity language in advertisements and literature;
- Grantee waiver of eminent domain in advertisements and literature;
- Literature that is understandable to applicants, including key information available in other languages;
- A schedule and plans to ensure that advertising or other outreach efforts reach potential applicants at places they frequent;
- Lists of the places and/or personal contacts where program information is distributed such as churches, laundry mats, service providers, parks, etc.; and
- Accessible facilities with the ability to accommodate people with disabilities and the completion of an accessibility self-assessment.

11.0 GRIEVANCE PROCEDURE

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

The Parish shall establish a two-part procedure to respond to grievances. At the first level, the Parish shall designate a person (be it the program manager or the program administrator, for example) to be the initial point of contact to address grievances. If the entity bringing the challenge remains unsatisfied, the Parish should decide the next level of appeal, be it before a Parish-appointed Appeals Panel or some other council.

12.0 WORK WRITE-UPS & COST ESTIMATES

A thorough inspection of the property must be conducted to determine the type and cost of work necessary to bring the property into compliance. After the inspection, the work to be done should be documented based on the estimated cost to rehabilitate the property. Based on the Housing Quality Standards Checklist (HQS), the housing inspector checks for each one and specifies action needed to remedy the problem.

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

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

Pre-1978 Properties and Lead Hazard Reduction

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

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

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

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

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

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

Evaluation Method

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

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

- > \$25,000. A risk assessment of the entire unit must be performed. A risk assessment must be conducted by a certified risk assessor.

Lead Hazard Reduction

Abatement must be conducted to reduce all identified lead-based paint hazards, except those described below. Abatement must be conducted by a certified abatement contractor.

- If lead-based paint hazards are detected during the risk assessment on the exterior surfaces that are not to be disturbed by rehabilitation, interim controls may be completed instead of abatement to reduce these hazards.
- Clearance is required when lead hazard reduction activities are complete.

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

Notification

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

Parishes also have the option to presume there is lead in the unit rather than paint testing or risk assessments. If presumption method is followed, a "Notice of Presumption" must be provided to the applicant within 15 days of performing the initial inspection. For additional information and sample documents, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.

Finalizing the Work Write-Up

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

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

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

The work write-up must be revised to incorporate the appropriate lead hazard reduction work and methods required to perform the work. Once the work write-up has been finalized, the cost estimate tells whether the work can be done within the average loan limits and the owner's ability to repay.

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

HUD-EPA Notice and Guidance can be found at
<http://www.hud.gov/offices/cpd/affordablehousing/training/web/leadsafe/rehabprograms/abateguidelines.pdf>

13.0 EXECUTING AGREEMENTS WITH BENEFICIARIES

The Parish must enter into a formal written agreement with the applicant for the amount of the assistance made available (regardless of whether the assistance is in the form of a grant or loan).

- This agreement needs to be signed by the applicant, prior to the start of work, and represents the official financial obligating instrument between the applicant and the Parish.
- At a minimum, this agreement shall certify the legal owner of the property, the type of assistance (i.e., whether a grant or loan or combination), as well as outline all conditions associated with the assistance.
- Conditions of the agreement may include a monthly payment schedule if applicable, a minimum number of years required for primary residency, insurance and property maintenance requirements, death of the applicant, conversion, transfer or sale of the property rehabilitated, and any other conditions that, if violated, may result in a reimbursement of funds by the applicant.

If assistance takes the form of a traditional loan or a conditional loan, the Parish must also utilize a recorded mortgage to secure the amount of the federal investment.

Following approval, Parishes should meet with the applicant to review the proposed scope of work to be undertaken. OCD-DRU requires the applicant to initial each page and sign the last page of work items, thereby attesting to the fact that the applicant was made aware of the improvements to be made to the property. The applicant should also receive all proper notices and information about lead-based paint. It is also important to finalize any temporary relocation plans and set a schedule for the work.

14.0 CONTRACT REQUIREMENTS

Parishes must follow federal procurement rules when purchasing services, supplies, materials or equipment. The procurement process must be in accordance with the federal requirements of 24

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

CFR 85.36 and Louisiana's Public Bid Law (LRS 38:2211-2296). The sealed bid method is the preferred method for procuring construction related activities. See Section 6: Procurement Methods and Contractual Requirement of the Grantee Administrative Manual for more information. Generally, the rehabilitation contract should be between the applicant and contractor. The Parish or sub-recipient may act as the applicant's agent, if the applicant voluntarily delegates this authority to them and signs an authorization that states the same. The Parish remains responsible for monitoring contractor compliance with payments and all other program requirements.

Before contracts are awarded, Parishes are required to ensure that contractors receiving work funded by CDBG have not been excluded from participation in a federal program. This is done by checking the General Services Administration's (GSA) list of parties excluded from Federal Procurement or Non-procurement Programs at <http://epls.arnet.gov/>.

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

Developing and implementing effective contracting procedures is one of the most critical tasks in a housing rehabilitation program.

14.1 Bidding Procedures

Bidding procedures need to be developed by the Parish. Parishes must demonstrate that bids were accepted in a fair, unbiased manner and that efforts were made to solicit bids from small, minority and female-owned businesses. Below are some guidelines to include in bidding procedures.

- Bids may be advertised in the newspaper, through public notice or radio and by contacting an already approved list of contractors.
- Advertising at the start of the program and establishing a list of contractors interested in bidding for jobs throughout the duration of the program is acceptable.
- At least three contractors should be encouraged to bid on each job.
- Parishes are required to check GSA's List of Parties Excluded from Federal Procurement before awarding a bid and must check this list when bids are received.
- Each contractor must provide proof of liability insurance in an amount deemed reasonable by the Parish. (OCD-DRU strongly recommends a minimum of \$100,000.) The liability insurance shall be maintained during the life of the contract.
- Each contractor must provide evidence of workers compensation insurance at a level in conformance with state law for all employees at the job site and shall require subcontractors to provide evidence of the same.
- If applicable to the project, contractors must submit documentation that shows they are qualified to perform work on properties where lead-based paint is present. It should be noted that a separate contractor must be procured for lead-based testing/clearance testing and lead-based paint remediation.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Any solicitation for bids by the Parish should include:

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

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

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

14.2 Preparing the Contract

The contract for rehabilitation must be a two-party contract between the applicant and the contractor. The Parish or sub-recipient may act on behalf of the applicant, if the applicant delegates this responsibility. The Parish remains responsible for monitoring contractor compliance with payments and all other program requirements.

Key federal provisions which apply to all rehabilitation contracts are:

- Lead Based Paint clause, and
- Conflict of Interest clause.

Within the contract, the Parish should require the contractor to:

- Obtain and pay for all necessary permits and licenses;
- Perform all work in conformance with the International Code Council (ICC) Property;
- Adhere to the Maintenance Code whether covered by the specifications and drawings;
- Keep the premises clean and orderly during repairs and remove all debris at the completion of work;
- Obtain written consent from the Parish and the homeowner for changes to specifications;
- Comply with all required rehabilitation practices for the lead safe housing rule;
- Obtain written consent prior to sub-contracting;
- Have provisions for termination and for non-performance;
- Pay for all lead-based paint clearance tests of the unit and continue work until the unit passes clearance; and
- Warranty the work for one year from final acceptance.

OCD-DRU requires that Parish attaches a copy of the work write-up to the contract.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

14.3 Davis-Bacon

Davis-Bacon does not usually apply to the CDBG Rehabilitation/Reconstruction Programs, because eight or more housing units in a CDBG project are not often located on one parcel of property with all housing units being commonly owned by one person or entity. Specifically, individually-owned residential housing units that are located on separate parcels of property are not covered by Davis-Bacon. Such housing units may be advertised in bid lots covering any number of housing units including, for example, the advertising of one unit or 20 units. Regardless of the number of housing units advertised for bids in a single bid advertisement, an individual contract must be established between a winning bidder and each housing unit owner.

Refer to the CDBG Administrative Manual for more detailed information regarding the Davis-Bacon requirements.

14.4 Contract Award and Monitoring

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

It is good practice to hold a pre-construction conference to clarify the responsibilities of all parties.

14.5 Inspections

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

Inspections should be conducted frequently and should be formally documented in the files. Periodic interim inspections of the rehabilitation construction will be made by the Parish throughout the contract period.

These inspections will be conducted to assure compliance with the contract standards for workmanship and materials, to detect any unauthorized deviations and to identify necessary changes to the contract work in its early stages.

Interim inspection reports must be prepared and signed by the Parish representative and/or the rehabilitation inspector. However there may be instances where interim inspections are not required, such as minor repair rehabilitation projects that only take a few days to complete.

Inspection and approval of completed work must be conducted by the Parish prior to the contractor's request for final payment. The applicant's approval of the work is also required when the final payment is requested.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

The Parish has the authorization to override an applicant's decision and accept the work, in accordance with grievance procedures if an applicant makes unreasonable requests/demands and the contractor has satisfied all the requirements of the Parish.

A final inspection of the work must be performed prior to final payment to the contractor in order for the project to be considered complete. This final inspection of the work is not the last inspection of the project. OCD-DRU requires a follow-up inspection be performed 60 days after project completion as referenced in 14.9 Follow-Up Inspection at the end of this section.

14.6 Change Orders

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

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

14.7 Clearance

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

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

The clearance test cannot be performed until one hour after the final cleaning of the unit. Results of the clearance test must be incorporated into a, "Notice of Lead Hazard Reduction Activities" by the Parish. This notice must be provided to the applicant within 15 days of the clearance test. For additional information and sample documents, refer to Section 14: Lead Based Paint, Asbestos and Mold of the Grantee Administrative Manual.

If the unit fails the clearance test, the unit cannot be reoccupied. The unit will need to be re-cleaned, and another clearance test must be performed. Once the unit has passed the clearance test, the final invoice may be processed.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

14.8 Final Documentation

Parishes should have the contractor sign an affidavit for Contract Termination and Release of Lien Form and provide warranty documents and subcontractors' release of lien waivers before final payout. After which, the Notice of Acceptance of Work may be issued to the contractor.

14.9 Follow-Up Inspection

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

15.0 CONSTRUCTION

For all Rehabilitation work except emergency work, the general contractor, unless prohibited by inclement weather, must begin work shortly after a written "Notice To Proceed" is issued by the Parish staff and signed by the Housing Program Manager. A subcontractor (Roofing, Electrical, Plumbing, Air Conditioning, etc.) shall have a reasonable mobilization period.

Prior to the issuance of the "Notice to Proceed", a copy of the original building permit shall be furnished to the applicant, with a copy to the Housing Department.

The Contractor shall pay all sales, consumer use and other taxes required by law and shall secure all permits, fees and licenses necessary for the execution of work under contract.

If the contractor does not commence work within the Parish-defined time frame, the applicant and/or the Parish may cancel the contract and either award the work to the next lowest responsive bidder or request re-bidding of the job.

All work shall be satisfactorily completed within an agreed upon time period, based on the bid amount, rounded to the next thousand, and multiplied by one and a half (1.5) working days. New construction is excluded from this time table.

Rehabilitation specialists will make construction inspections as instructed by the Parish. Variations from any work write-up must be documented by a change order; change orders are inevitable, but will be the exception for housing rehabilitation jobs.

The contractor is responsible for submitting written change order proposals for approval by the applicant, Housing Rehabilitation Specialist and Housing Program Manager prior to beginning any additional work. Any work done without written authorization from the applicant, Housing Rehab Specialist, and Housing Program Manager will be the financial responsibility of the Contractor. Contractors will provide adequate documentation with change orders to justify the changes, along with details and costs for each changed item.

Any change orders initiated by the applicant and carried out by the contractor will be the financial responsibility of the applicant, as well as any liability arising from the change order. All change

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

orders must be reviewed and signed by the Housing Program Manager before the approved terms are implemented and the contract amount adjusted.

Contract amounts will be adjusted at the discretion of the Housing Program Manager, with the consensus of the applicant, provided that the cumulative amount of the change orders does not increase the original contract amount by more than 10 percent.

In situations where change orders exceed 10 percent of the original contract, a memo to justify the percentage difference will be placed in the file and signed by both the Housing Rehabilitation Specialist and the Housing Program Manager.

Change orders should occur infrequently and they will be justified only for unusual or unforeseen circumstances. Fewer change orders will occur if:

- Initial inspections are thoroughly performed;
- Work write-ups are adequately prepared; and
- The contractors' scope of work is sufficiently detailed to identify all work to be accomplished.

The Housing Rehabilitation Specialist and a Parish Building Inspector must certify that all work is completed according to work write-ups and applicable codes before disbursement of final payment.

The contractor will provide a warranty for all work; materials and labor for a period of one (1) year after acceptance of work by the applicant; five (5) years for new roofs.

Applicants are instructed to contact contractors directly concerning warranty items. If the applicant is unsuccessful in contacting the contractor, he/she may contact the Parish. When the Parish receives complaints for homeowner rehabilitation warranty items, the Parish will coordinate with the contractor to have the complaints resolved. Results of the contractor's action shall be recorded as a part of the rehabilitation case, with copies of all warranty complaints placed in the contractor's file.

16.0 CONFLICT OF INTEREST

CDBG grantees and sub-recipients must comply with procurement requirements found at 24 CFR 570.489, 24 CFR 85.36 (for local governments) and 84.42 (for non-profit organizations) and with other state and local applicable conflict-of-interest provisions.

If a parish believes there may be a potential conflict of interest with a property or applicant, the Parish should contact OCD-DRU for further guidance.

17.0 CITIZEN PARTICIPATION

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

planning, implementation, and evaluation of CDBG activities. These procedures facilitate citizen participation.

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

Parishes are required to conduct at least one public hearing during the course of the application process to elicit citizen feedback on the proposed housing application.

To review the Citizen Participation requirements for Local Government participating in the Isaac funding, refer to Page 38 of the Isaac Action Plan at:

http://www.doa.louisiana.gov/cdbg/DR/IC_ActionPlans.htm

Refer to Section 2: Administration of the Grantee Administrative Manual for more details on this requirement.

18.0 COMPLAINTS

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

For additional information on complaints, see Section 2: Administration of the Grantee Administration Manual.

19.0 PERFORMANCE MEASURES

The goal of performance measures is to inform HUD and the public of the outcomes of CDBG disaster recovery activities. Demonstrating the results of these federally funded programs helps maintain and sustain public support and continued responsible use of taxpayer dollars in rebuilding storm-impacted areas. Performance measures translate the impacts of activities into measurable results, which are helpful in communicating the benefit of the activities funded by Louisiana Office of Community Development, Disaster Recovery Unit.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

19.1 Objectives

As it relates to housing, there are two main objectives that the performance measures evaluate: creating suitable living environments and providing decent housing. Parishes are to determine the objective that their activity best fits. These objectives, which are intentionally broadly framed so as to capture the wide range of community impacts that result from program activities, are defined as:

- **Creating Suitable Living Environments**

Applies to activities designed to improve the living environment in low- and moderate-income areas. Activities under this objective include those intended to address physical problems, such as poor quality infrastructure, and social issues such as literacy, health services, and crime prevention.

- **Providing Decent Housing**

Applies to activities intended to meet individual family or community needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements; such programs would be more appropriately reported under the suitable living environments objective.

19.2 Outcomes

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

- **Availability/Accessibility**

Applies to activities that make housing available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer solely to physical barriers, but to services and facilities that low- and moderate-income people need to have access to in their community.

- **Affordability**

Applies to activities that provide affordability in a variety of ways to low- and moderate-income people. It can include the creation or maintenance of affordable housing. Affordability is an appropriate outcome whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household.

- **Sustainability**

Applies to activities aimed at sustaining or improving geographic areas, such as neighborhoods, by making them livable or viable and eliminating slum and blight. Activities under this outcome are targeted to specific physical locations.

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

19.3 Indicators

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

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

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

20.0 RECORD KEEPING

The Parish should create and implement a procedure to maintain complete files and record keeping of the work they are performing and the units being rehabilitated. Additionally, they should create a Program File Checklist for each type of program to appear in the front of each project file. The Parish is responsible for maintaining these records for a period of five years after close-out of the program.

The checklist below is a sample of the major file categories that should be maintained in each file (if applicable). This list is not all inclusive. Although a consultant may maintain a set of files in his/her office, the grantee is required to maintain the original files at their location.

- Grant and Project Approval Files
- Citizen Participation Files
- Project Activity Files
- Construction Project Files
- Financial Management Files
- Audit Files
- Procurement Files
- Labor Standards Files
- Civil Rights Files
- Environmental Review Files
- Acquisition Files
- Demolition Files
- Relocation Case Files
- Property Management Files
- State Monitoring/Inspection Files
- Project Close-out Files
- Lead-Based Paint Files
- General Compliance Files
- Local Rehabilitation Policies and Procedures
- Pending Applications
- Disqualified Applicants

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

Refer to Section 4 Records Management of the CDBG Administrative Manual for more detailed information regarding these general file requirements.

The Parish shall create or identify a software system for the housing rehabilitation staff to record and maintain all file records. All eligibility information, inspection notes and contractor complaints will be recorded. The software system will manage the data and permit the staff to generate weekly, monthly and annual reports about housing rehabilitation activities in the Parish.

21.0 FEDERAL REGULATIONS

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

- Audit Requirements: OMB Circular A-133 requires single audits of all grantees that have total annual federal expenditures in excess of \$500,000. Financial audits and/or certifications are required in accordance with state law when the grantee has total annual federal expenditures less than \$500,000. Single audit costs may be eligible for reimbursement in part as an administrative expense.
- Uniform Act (Acquisition and Relocation): The relocation provisions of Uniform Act as it pertains to permanent relocation of citizens are applicable to the CDBG Housing Program. Housing programs usually do not cause permanent relocation but if such should happen, the relocation provisions of the Uniform Act will be applicable. The acquisition provisions of the Uniform Act will be applicable to a Housing application/grant only if acquisition of property is involved.
- Davis-Bacon Act & Contract Work Hours and Safety Standards Act (CWHSSA): Davis-Bacon and CWHSSA apply only if there are more than seven housing units located on one parcel of property, with all housing units being commonly owned by one person or entity and under one construction contract. If Davis-Bacon is determined to be applicable, it requires that federal prevailing wage rates be paid to all employees working under a construction contract of \$2,000 or more. Also, under CWHSSA, when it is applicable, all employees must be paid at least time and a half for any time they work more than 40 hours per week.
- Lead-Based Paint: The construction or rehabilitation of residential structures is subject to the HUD Lead-Based Paint regulations, 24 CFR Part 35. Any grants or loans made for the rehabilitation of residential structures shall be made subject to the provisions for the elimination of lead-base paint hazards under subpart B of said regulations, and the grantee shall be responsible for the inspections and certifications required under Section 35.14(f) thereof.
- Environmental Review: Every project undertaken with Disaster Recovery CDBG funds, and all activities related to that project, is subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 CFR Part 58. However, there are identified exceptions that may be applicable to some rehabilitation projects. The grantee is responsible for ensuring that the

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

HUD environmental review process is completed, if required. A violation of this requirement may jeopardize federal funding to this project.

- Duplication of Benefits: Grantees must be aware that the Supplemental Appropriations Act authorizing CDBG funding, or the Stafford Act itself, may include restrictions on using those program funds to provide assistance when insurance providers or other federal or state agencies have already funded all or a portion of the activity. Certain Supplemental Appropriations Acts also include restrictions against use of those program funds as matching requirement, share or contribution for any other federal program. The Stafford Act also contains eligibility requirements for recipients who have received prior disaster funding based upon whether they are in compliance with requirements associated with receipt of those funds. Where applicable, recipients must be in compliance with these restrictions or individual funding will be denied. (See Section 2: Administration of the Grantee Administrative Manual for additional information.)
- Procurement Requirements: Both grantees and subrecipients must follow federal procurement rules when purchasing services, supplies, materials or equipment. The federal procurement rules establish standards and guidelines for the procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services for Disaster Recovery CDBG programs. These standards are furnished to ensure that such materials and services are obtained efficiently and economically and in compliance with the provisions of applicable federal and state laws and executive orders.

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

22.0 CDBG ADMINISTRATIVE MANUAL

The purpose of the CDBG Administrative Manual is to:

- Assist grant administrators in the day-to-day administration of CDBG projects.
- Provide practical information on how to implement a CDBG project that will meet legal, financial and program obligations.
- Provide the grant administrator a simple step-by-step approach for the implementation of CDBG-funded projects including set-up, compliance with applicable requirements, audits and close-out.
- Provide tools to assist in CDBG project implementation. The tools include tips, lists, forms and sample documents.

Note, however, that the Manual is intended as a guide and reference, not as a substitute for thorough knowledge of state and federal laws and regulations referenced in the manual. Though not all inclusive, the Manual covers the major areas of CDBG administration, provides required and suggested forms and instructions, and provides references for applicable state and federal laws and regulations.

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

HURRICANE ISAAC
Community Development Block Grant (CDBG)
Housing Program Guidelines

23.0 RESOURCES

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

Guide to National Objectives and Eligible Activities for State CDBG Programs:

www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm

HOME Income Calculator:

www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/index.cfm

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

HUD database: <http://www.hud.gov/offices/adm/hudclips/>

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

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

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

Department of Labor: www.dol.gov

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

HUD acquisition and relocation brochures, claim forms, and other documents may be obtained from www.hud.gov/offices/cpd/library/relocation/publications/index.cfm.

The HUD rules and regulations that govern the Uniform Act Relocation process can be found at 24 CFR Part 42.

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr42main02.tpl>

OCD-DRU Administration Manual: <http://www.doa.louisiana.gov/cdbg/dr/dradmin-manual.htm>

49 CFR Part 24 Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs; Final Rule: <http://edocket.access.gpo.gov/2005/pdf/05-6.pdf>

HUD 1378 Handbook 1378: Real Estate Acquisition and Relocation Policy and Guidance:

<http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm>