

State of North Carolina

CDBG-DR

Housing Recovery Programs

December 2017

STATE OF NORTH CAROLINA

DEPARTMENT OF COMMERCE—Administrative Agency

DEPARTMENT OF PUBLIC SAFETY—Implementation Agency



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North Carolina Division of Emergency Management

CDBG-DR Housing Recovery Program Policy and Procedures Revision History

Revision History: HRP Policy

Version	Date	Page	Description
#1	11.2017		Initial Development of Policy
#2	12.11.2017		Updated in response to comments received from State

Acronym List

Acronym	Meaning
ACS	AMERICAN COMMUNITY SURVEY
AFH	ASSESSMENT OF FAIR HOUSING
AMI	AREA MEDIAN INCOME
BFE	BASE FLOOD ELEVATION
CDBG	COMMUNITY DEVELOPMENT BLOCK GRANT
CDBG-DR	COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY
CFR	CODE OF FEDERAL REGULATIONS
DBE	DISADVANTAGED BUSINESS ENTERPRISE
DHHS	DEPARTMENT OF HEALTH AND HUMAN SERVICES
DOB	DUPLICATION OF BENEFITS
DOC	NORTH CAROLINA DEPARTMENT OF COMMERCE
DOT	NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
DRGR	DISASTER RECOVERY GRANT REPORTING SYSTEM
ECR	ESTIMATED COST OF REPAIR
EIDL	ECONOMIC INJURY DISASTER LOANS
EPA	ENVIRONMENTAL PROTECTION AGENCY
FEMA	FEDERAL EMERGENCY MANAGEMENT AGENCY
FHWA	FEDERAL HIGHWAY ADMINISTRATION
FR	FEDERAL REGISTER
FWS	FISH AND WILDLIFE SERVICE
HMGP	FEMA’S HAZARD MITIGATION GRANT PROGRAM
HQS	HUD HOUSING QUALITY STANDARDS
HUD	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HVAC	HEATING, VENTILATION, AND AIR CONDITIONING
IA	INDIVIDUAL ASSISTANCE
LEP	LIMITED ENGLISH PROFICIENCY
LMI	LOW AND MODERATE INCOME
NC	NORTH CAROLINA
NCEM	NORTH CAROLINA EMERGENCY MANAGEMENT
NCHFA	NORTH CAROLINA HOUSING FINANCE AGENCY
NCRRP	NORTH CAROLINA RESILIENT REDEVELOPMENT PLANNING
NFIRA	NATIONAL FLOOD INSURANCE REFORM ACT
NMFS	NATIONAL MARINE FISHERY SERVICES
PA	PUBLIC ASSISTANCE
PER	PERFORMANCE EVALUATION REPORT
PHA(s)	PUBLIC HOUSING AUTHORITIES
SBA	SMALL BUSINESS ADMINISTRATION
SHPO	STATE HISTORIC PRESERVATION OFFICE
UGLG	UNIT OF GENERAL LOCAL GOVERNMENT
URA	UNIFORM RELOCATION ACT
US	UNITED STATES
USACE	US ARMY CORPS OF ENGINEERS
USDA	UNITED STATES DEPARTMENT OF AGRICULTURE

1. North Carolina CDBG-DR Homeowner Recovery Programs (HRP)

I.1. Program Administration

The Homeowner Recovery Program is intended to assist eligible North Carolina applicants whose primary residences were directly impacted by Hurricane Matthew on October 8, 2016. The Department of Housing and Urban Development appropriated \$236,529,000 in Community Development Disaster Recovery (CDBG-DR) funding to the State of North Carolina. The allocations were appropriated under HUD's Federal Register published on, August 7, 2017 at 82, FR 38812; January 18, 2017, at 82 FR 5591; and Federal Register Notice published on November 21, 2016 at 81 FR 83254 (prior notice) that describes the allocation's applicable waivers, alternative requirement.

North Carolina's objective is to complete the necessary work to make the homeowner's primary residence sanitary, safe, energy efficient, resilient and if necessary, to reconstruct or purchase the damaged homes when repairs are not feasible. The HRP is intended to supplement other funds the owner received to repair or reconstruct the structure. The administering agency for the NC Community Development Block Grant-Disaster Recovery HRP is the Department of Commerce, Rural Economic Development Division (REDD). The implementing agency is the North Carolina Department of Public Safety, Division of Emergency Management (NCEM).

Case Managers will be responsible for accepting applications during the intake process through the management of the NCEM subrecipient contractor. Further processes such as eligibility, duplication of benefits review; inspection and environmental; award determination; contract and bid work (procurement); construction; and completion, will be implemented by NCEM through sub-recipient agreements. Sub-recipient grantees who are awarded funding must have program staff to administer construction-related activities; including conducting inspections to determine whether the subject property was affected by the 2016 declared disaster and if the property can be repaired or must be reconstructed. The HRP Inspector develops a scope of work and estimated cost; assists clients with selecting a contractor/builder to complete construction work; oversees construction to ensure quality of work; and ensures that all HUD, local, and state regulations have been followed. The HRP Inspector also authorizes payments to contractors.

I.2. Allocation for Housing Recovery Program: \$104,054,499

I.2.1. North Carolina Housing Recovery Program Description Summary

Basic Eligibility for All Programs

- a) Homes must have been damaged or destroyed by Hurricane Matthew.
- b) Homes must be in an eligible county to receive CDBG-DR.
- c) Damaged home must have been the primary residence for the applicant at the time of Hurricane Matthew.

- d) Applicant must be lawfully present in the United States.
- e) Applicant must have ownership or legal authority to enter into funding award.
- f) Applicant must allow access to the damaged property for all program-related staff, inspectors, or contractors.

Program-Specific Eligibility Requirements

Program Name	Program Description	Funding Limit (\$)	Eligible Applicant	Ineligible Applicant	Next Steps in Process
Single Family Housing Rehabilitation Priorities -LMI HH in 100-year floodplain -HH member 65 years and older -Member of household with disability	Repair homes impacted by disaster. Repairs will include accessibility, safety issues, lead- based paint removal as needed. If home is in a 100-yr flood plain and requires elevation, additional funds will be provided on a case-by-case basis.	Up to \$53,000 plus an extra \$50,000 to elevate	<ul style="list-style-type: none"> • Damage at or <u>below</u> 50% of pre-disaster value of home • Homeowner* • Home is in the 100- and 500-year flood plains • Home is in an eligible disaster-declared county • Home is covered by insurance when in a floodplain 	<ul style="list-style-type: none"> • Damage to home is above 50% pre-disaster value • Second home (i.e., not primary residence and not a rental property) • Business entity • Homes in a floodway • Homes in foreclosure • Home without required insurance 	<ul style="list-style-type: none"> • Eligibility and DOB verification • Title search • Home inspection • Environmental/LBP clearance • Award determination • Execution of security Instrument Construction • Temporary rental if needed
Single Family Housing Reconstruction Priorities -LMI HH in 100-year floodplain -HH member 65 years and older -Member of household with disability	Reconstruct homes impacted by disaster that are substantially damaged and not feasible to repair. If home is in a 100-yr flood plain, it will be elevated.	Up to \$125,000	<ul style="list-style-type: none"> • Damage above 50% of pre-disaster value of home • Homeowners* • Home is in the 100- and 500-year flood plains • Home is covered by insurance when in a floodplain 	<ul style="list-style-type: none"> • Damage to home is below 50% pre-disaster value • Second home (i.e., not primary residence and not a rental property) • Business entity • Homes in a floodway • Homes in foreclosure • Homes without required insurance 	<ul style="list-style-type: none"> • Eligibility and DOB verification • Title search • Home inspection • Environmental/LBP clearance • Award determination • Execution of security instrument • Select design and build home • Temporary rental
Single Family Homeowner Repair Reimbursement Priorities	Reimburse homeowners for out-of-pocket repair costs (i.e., repairs were not covered from other	Up to \$25,000	<ul style="list-style-type: none"> • Clean-up and repairs are a result from direct disaster impact 	<ul style="list-style-type: none"> • Repairs completed after application to HRP or after October 8, 2017 	<ul style="list-style-type: none"> • Eligibility and DOB verification • Title search • Home inspection and receipt review

Program Name	Program Description	Funding Limit (\$)	Eligible Applicant	Ineligible Applicant	Next Steps in Process
-LMI HH in 100-year floodplain -HH member 65 years and older -Member of household with disability	disaster assistance, but from homeowner's personal funds).		<ul style="list-style-type: none"> Repairs can be verified by receipts/invoices and photos Cost of repairs exceeds all sources of assistance received (e.g., FEMA, SBA, Insurance, other) Costs were incurred prior to applying to HRP or before October 8, 2017 (whichever date is earlier) 	<ul style="list-style-type: none"> Repairs for a second home or rental property Repairs covered by other funding sources Repairs that cannot be verified by receipt, photo, or inspection Repairs that changed the original home footprint Cannot be in floodway 	<ul style="list-style-type: none"> Additional eligible repairs if applicable Environmental/LBP clearance Award determination Receive reimbursement
Manufactured Home Repair <u>Priorities</u> -LMI HH in 100-year floodplain -HH member 65 years and older -Member of household with disability	Repair homes impacted by disaster. Repairs will include accessibility, safety issues, lead- based paint removal as needed. If home is in a 100-yr flood plain and requires elevation, additional funds will be provided on a case-by-case basis.	Up to \$15,000	<ul style="list-style-type: none"> Damage at or below 50% of pre-disaster value of manufactured home Homeowner* Home is in the 100- and 500-year flood plains Home is in an eligible disaster-declared county 	<ul style="list-style-type: none"> Damage to manufactured home is above 50% pre-disaster value Second home (i.e., not primary residence and not a rental property) Business entity Home is in a floodway Home is in foreclosure 	<ul style="list-style-type: none"> Eligibility and DOB verification Title or other ownership documentation Home inspection Environmental/LBP clearance Award determination Execution of security instrument Construction Temporary rental provided if needed
Manufactured Home Replacement <u>Priorities</u> -LMI HH in 100-year floodplain -HH member 65 years and older -Member of household with disability	Replace manufactured homes impacted by disaster that are substantially damaged and not feasible to repair. If home is in a 100-yr flood plain and requires elevation, it will be elevated. Damage unit will be removed and disposed of properly.	Up to \$75,000	<ul style="list-style-type: none"> Damage above 50% of pre-disaster value of manufactured home Homeowner* Home is in the 100- and 500-year flood plains Home is in an eligible disaster-declared county 	<ul style="list-style-type: none"> Damage to home is below 50% pre-disaster value Second home (i.e., not primary residence and not a rental property) Business entity Homes in a floodway Homes in foreclosure 	<ul style="list-style-type: none"> Eligibility and DOB verification Title or other ownership documentation Home inspection Environmental/LBP& asbestos clearance Award determination Execution of security instrument Remove and destroy damaged home Select new home

Program Name	Program Description	Funding Limit (\$)	Eligible Applicant	Ineligible Applicant	Next Steps in Process
					<ul style="list-style-type: none"> • Add UGLG as the first lienholder of the new manufactured home • Temporary rental
Home Buyout <u>Priorities</u> -High risk areas -Enhanced Buyout Area in pre-defined areas (no areas identified at this time)	Purchase disaster impacted homes and substantially damaged homes in the 100-yr. floodplain. After purchase home will be demolished and property maintained as open space. <i>Enhanced Buyout Area</i> will include a 5-15% incentive increase to the award.	Pre-disaster Fair Market Value of home; up to \$276,000	<ul style="list-style-type: none"> • Must have all property owners sign sales agreement (or their legal representative through Power of Attorney) • Home must have received direct impact from the disaster in floodplain • Home must be in eligible buyout designated area • Must have clear title or ability to clear all liens 	<ul style="list-style-type: none"> • Property where all owners cannot participate in sale • Homes that did not receive a direct impact • Homes not in a 100-year floodplain • Homes outside of designated buyout areas (still to be determined) • Clouded title • Cannot be a second home 	<ul style="list-style-type: none"> • Appraise property for pre-disaster value • Title search • Offer and acceptance of sale • Price • Complete award agreement • Sale and transfer of property to UGLG
Home Acquisition <u>Priorities</u> -To be determined by the State or UGLG	Purchase disaster impacted homes and substantially damaged homes in the 100-yr. floodplain. After purchase home will be demolished and property maintained as open space or it may be redeveloped. <i>Enhanced Buyout Area</i> will include a 5-15% incentive increase to the award.	Up to \$80,000 current Fair Market Value	<ul style="list-style-type: none"> • Must have all property owners sign sales agreement (or their legal representative through Power of Attorney) • Home must have received direct impact from the disaster. • Home must be in eligible buyout designated area • Must have clear title or ability to clear all liens 	<ul style="list-style-type: none"> • Property where all owners cannot participate in sale • Homes that did not receive a direct impact • Homes not in a 100-year floodplain • Homes outside of designated buyout areas (still to be determined) • Clouded title • Cannot be a second home 	<ul style="list-style-type: none"> • Appraise property for post-disaster value • Title search • Offer and acceptance of sale • price • Complete award agreement • Sale and transfer of property to UGLG • Home may be redeveloped for affordable housing
Homeowner's Assistance <u>Priority</u>	Homeowners who had their homes purchased through either a FEMA or CDBG-DR buyout	Up to \$50,000 down payment assistance to	<ul style="list-style-type: none"> • Must be able to qualify to purchase new home 	<ul style="list-style-type: none"> • Unable to qualify for mortgage if necessary • Home to be purchased is 	<ul style="list-style-type: none"> • Secure funding for home purchase (additional to funds from State)

Program Name	Program Description	Funding Limit (\$)	Eligible Applicant	Ineligible Applicant	Next Steps in Process
-LMI with gap needs to purchase new home	program may receive funds to bridge the gap between sales price and new home price.	bridge funding gap	<ul style="list-style-type: none"> • Must purchase home within the State of North Carolina • Home must pass a Housing Quality Standards inspection 	outside the State of North Carolina <ul style="list-style-type: none"> • Home does not meet Housing Quality Standards 	<ul style="list-style-type: none"> • Work with program representative to qualify home • Complete title work and closing process • Purchase home
Temporary Rental Assistance	Temporary rental assistance is provided when the applicant's household cannot occupy their damaged home.	Up to \$10,000	<ul style="list-style-type: none"> • Must not be able to occupy damaged home due to impacts from Hurricane Matthew • Persons who can pass background check 	<ul style="list-style-type: none"> • Persons unable to occupy their home due to other non-Matthew related events • Persons not able to pass a background check 	<ul style="list-style-type: none"> • Determine length of assistance (not to exceed 24 months) • Complete a rent calculation to determine eligible rental payment • Locate unit that meets Housing Quality Standards
Home Insurance Assistance <u>Priorities</u> -LMI homeowners with incomes of less than 80% of Area Medium Income (AMI)	Funds to cover LMI homeowner's damage insurance for up to two years after receipt of housing assistance.	Up to \$2,000	<ul style="list-style-type: none"> • Home must be insurable • Home is located within the 100-year floodplain • Homeowner must occupy the home as their primary residence 	<ul style="list-style-type: none"> • Home cannot be in a floodway • Home cannot be a second home • Homeowner cannot have an annual income over 80% AMI 	<ul style="list-style-type: none"> • Acquire an insurance quote for the eligible property • Coordinate with a program representative to arrange payment to the insurance agency
Relocation under URA <u>Priorities</u> -Involuntarily displaced persons	The Uniform Relocation Act (URA) requires persons displaced by a federal action to be provided 42 months of housing assistance. This primarily applies to tenants of properties that have been acquired through a buyout or acquisition program.	42 months of housing assistance based on comparable housing unit	<ul style="list-style-type: none"> • Persons displaced involuntarily from their housing unit due to an action funded by the CDBG-DR programs 	<ul style="list-style-type: none"> • Persons who voluntarily enter the CDBG-DR housing assistance programs. • Persons who did not have a legitimate lease or ownership hold on the property 	<ul style="list-style-type: none"> • Displaced occupants will be given Relocation Advisory Services by the program • Adequate relocation and moving expenses will be determined and paid to the occupants

*Requires coordination with landlord to complete assistance process

I.3. Eligibility Overview

1.3.1. Eligibility:

24 C.F.R. 570.202 Eligible Rehabilitation and Preservation Activities and 78 FR 14329.

1.3.2. National Objective

Low/Moderate Income Housing, Urgent Need, and Slum and Blight.

1.3.3. Qualified Alien

A non-citizen who is not prohibited from receiving federal public benefits Personal Responsibility and Work Opportunity Act (PRWORA).

1.3.4. Location

A disaster damaged residence must be in a disaster declared community in the State of North Carolina.

1.3.5. Owner Occupancy

At the time of the damage (October 8, 2016) the damaged residence must have been owned and occupied by the applicant as the applicant's primary residence. If the owner of the property at the time of the damage dies, the property may qualify for assistance if the home is inherited by an immediate family member. Second homes, vacation residences, and rental properties are not eligible for HRP assistance.

1.3.5.1. Ineligible Ownership Categories

The following types of ownership are ineligible for assistance under HRP:

- Business entities, including, but not limited to limited liability corporations, limited liability partnerships, corporations, etc.
- Applicants who lost ownership of their homes due to foreclosure or are pending foreclosure
- Properties located where federal assistance is not permitted
- Homes in the floodway

1.3.6. Verifiable Disaster Damage

It must be demonstrated that the damage or destruction to structures was a direct result of the 2016 disaster.

“Direct impact” means the participant's home was:

- Damaged or destroyed during the disaster, including rain or fire-damaged homes and/or properties.
- Inaccessible because the community was evacuated, whether the home was damaged or not.
- Inaccessible because of damaged or destroyed access roads, bridges, and/or culverts.

1.3.7. Documented Damage

The property must have sustained damage because of the October 8, 2016 disaster. Records or documentation to demonstrate damages include:

- National Damage Insurance Program (NFIP) report or documentation;
- Insurance adjuster estimate (sub-recipient grantee) report or documentation;
- Insurance claim inspector report and/or letter of denial;
- Impacted unit of local government inspector's report;
- FEMA file describing damage and award;
- SBA letter or inspection report describing damage;
- Photographs that physically demonstrate and describe/show the damage to the home;
- Inspection or engineer's report at the time of the disaster from a licensed contractor; or
- Other acceptable sources that can provide reports or evidence of damage, such as local/state governments, private non-profit relief assistance, homeowners associations.

See the Rehab Reimbursement Policy for other methods of demonstrating the level of disaster damage.

1.3.8. Primary Residence

The property receiving assistance must have been the applicant's primary residence at the time of the disaster or if the applicant is an immediate family member who has inherited the property from the owner occupant of the property at the time of the damage, it must be shown that the person who was living in the home was using it as their primary residence at the time of the damage. The program verifies primary residency through occupancy documentation, which must be from the time of the disaster, in the applicant or co-applicant's name, and identify the damaged property address. Methods to verify primary residence include:

1. Verification by the sub-recipient grantee or county that water or sewer services were provided to the owner at the time of the disaster;
2. A copy of a FEMA letter showing payment received for home repairs or contents or an insurance document showing that coverage;
3. A letter from electric, gas, or other utility service provider, confirming that service was provided at the time of the disaster;
4. County Assessor's records of ownership; and
5. Other qualified documents presented for proof of occupancy.

1.3.9. Ownership

To be assisted, the home must be owned by the person(s) occupying the unit at the time of the disaster or if the applicant is an immediate family member who has inherited the property from the owner occupant of the property at the time of the disaster, it must be shown that the inheritor has taken ownership of the property. Ownership is defined as holding a fee simple warranty deed or title to the manufactured home or property if applicable. Ownership by limited liability corporations is not an eligible ownership type. Sub-recipient grantees have the right to waive the requirement of a fee simple title or warranty deed in the applicant's name if it can be proven that the applicant occupied the home at the time of the disaster, was making house payments to purchase the house, and has acquired title prior to assistance. Each instance will be reviewed on a case-by-case basis.

Owner-occupied units in multi-unit properties, such as cooperative and condominium units, are eligible for the HRP. Applicants will need the approval of the condominium association or cooperative for the construction plans and must have the association or cooperative provide insurance information before an HRP grant or loans can be awarded.

Applicants who own a home on property with multiple unattached homes on the same lot will require that each applicant's eligibility be verified separately. Prior to replacing or repairing a structure, all code and property restrictions, if applicable, must be resolved. In addition, a survey of the property will be required, and the property may need to be sub-divided. The resolution will be based on the most reasonable and cost-effective type of assistance and the outcome of all property assessments.

To be eligible for program assistance, the assisted property owner must be current with mortgage payments, special assessments, and property taxes. If property taxes are delinquent, the homeowner must be able to document that the taxes have been made current or they are on an approved payment plan with the Tax Assessor's Office.

Contract for deeds are not eligible unless the applicant converts the contract to full ownership prior to receiving funding assistance from the HRP.

1. Evidence of purchase must prove that an applicant was purchasing a home by:
 - A fully executed purchase contract, signed by both the seller and the buyer, dated prior to October 8, 2016.
 - On a case-by-case basis, the sub-recipient grantee may consider and/or require other documentation of purchase.
2. Proof that a contract has been completed and title conveyed to the purchaser is provided by:
 - Evidence that the title is in the name of the applicant and recorded with the State of North Carolina.
 - Evidence that the property was transferred by a warranty deed.

I.3.9.1. Trust

Property held in trust for the benefit of natural persons can be eligible for rehabilitation assistance if at least one of the occupants at the time of the damage was a current beneficiary of the trust. If the property was not the primary residence for the current beneficiaries or trustee, the applicant(s) is not eligible for assistance. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, all beneficiaries with an interest in the damaged property must sign the closing documents along with the trustee.

The following is required to confirm eligibility:

1. The applicant must provide a copy of the trust document.
2. The trust document or an abstract or extract from the trust must be recorded in the conveyance records of State of North Carolina. This recordation in the conveyance records of the State of North Carolina may occur post-damage if necessary.

The applicable agreements must be executed by trustee(s) unless the trust distributes the property to a beneficiary, in which case the beneficiary receiving the property must execute the applicable agreement and occupy the home as primary residence after the assistance.

Options that may be used to demonstrate ownership when the home is not owned by the applicant:

If the title search reveals that the homeowner-applicant does not have full fee simple ownership in the damaged dwelling, but only has a partial ownership interest in the damaged dwelling, e.g. homeowner-applicant is a tenant in common or joint tenant, the homeowner-applicant and the local government have the following options:

Option #1: The homeowner-applicant and other tenants in common or joint tenants all will serve as applicants for the CDBG-DR Program; each will sign all documents and forms, such as the application and security documents; and each will agree to meet all program requirements. The local government must submit a written request to the North Carolina Division of Emergency Management (NCEM) for a waiver of the requirement that the applicant must have occupied the damaged dwelling at the time of Hurricane Matthew on October 8, 2016, for only the tenants in common or joint tenants who did not occupy the damaged dwelling at the time of the declared disaster.

Option #2: The tenants in common or joint tenants who did not occupy the damaged dwelling at the time of the October 8, 2016 disaster may each deed his/her interest in the property to the homeowner-applicant such that the homeowner-applicant becomes the full fee simple owner of the property.

Option #3: If all the tenants in common or joint tenants cannot agree to Option #1 or Option #2, the homeowner-applicant and the other tenants in common or joint tenants may file an action to quiet title under N.C.G.S. 41-10. Once the parties determine the legal owner(s) of the property, the legal owner(s) may apply to the CDBG-DR program for assistance. The local government must submit a written request to the NCEM for a waiver of the CDBG-DR requirement that the applicant must have occupied the damaged dwelling at the time of the October 8, 2016 disaster for only the legal owner(s) who did not occupy the damaged dwelling at the time of the declared disaster. Please note that if the tenants in common or joint tenants decide to file an action to quiet title, the application deadline may expire during the litigation of this issue. Homeowner-applicants may seek legal advice from private counsel, or if they qualify, they may seek legal advice from the legal services office that serves the county or local government.

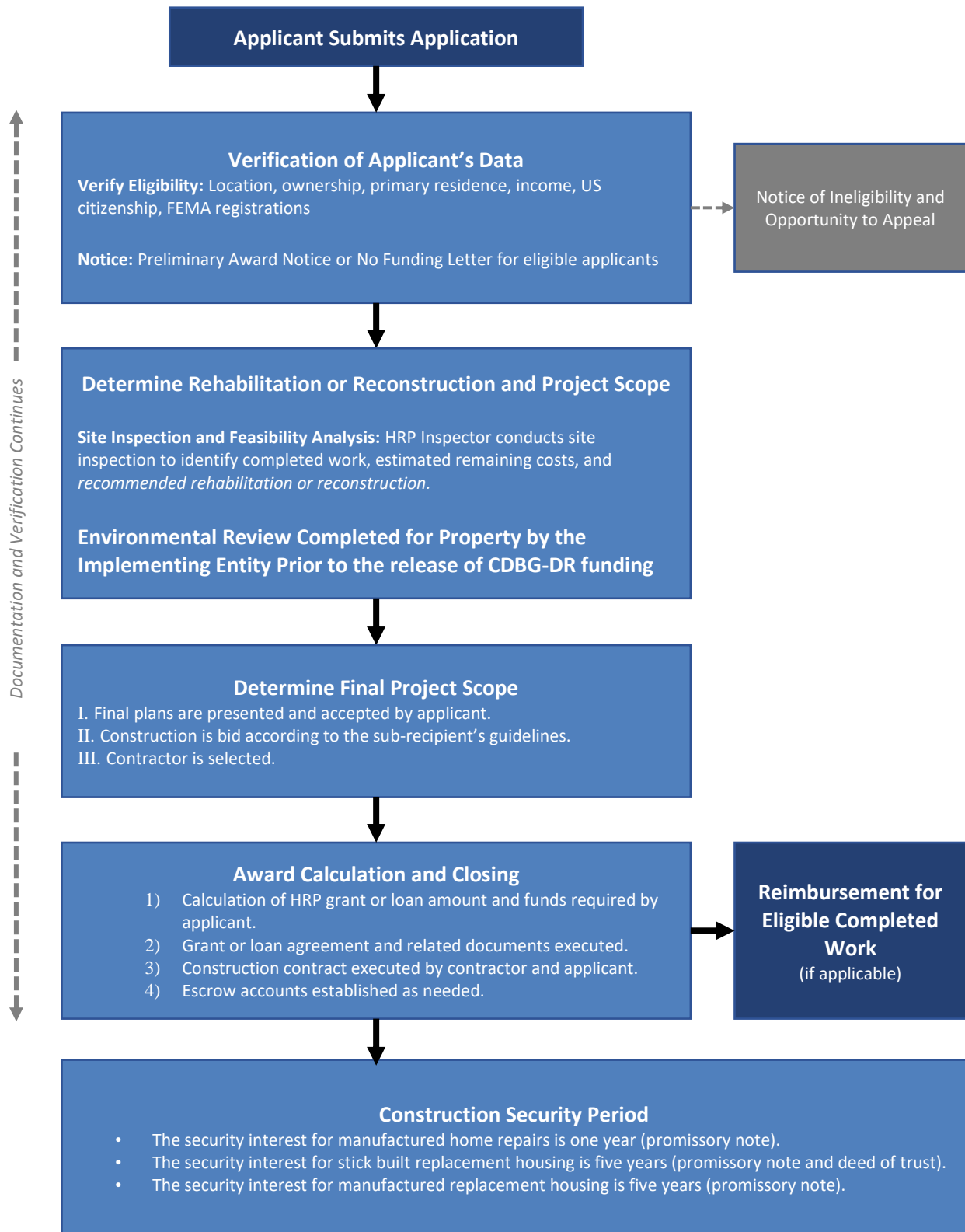
If the title search reveals that the homeowner-applicant does not have any ownership interest in the damaged dwelling, the homeowner-applicant and the local government have the following options:

Option #1: The owner(s) of the property who did not occupy the damaged dwelling at the time of the October 8, 2016 declared disaster may each deed his/her interest in the property to the homeowner-applicant such that the homeowner-applicant becomes the full fee simple owner of the property. The local government must submit a written request to the NCEM for a waiver of the CDBG-DR requirement that the applicant must have been the legal owner of the property at the time of the disaster.

Option #2: The legal owner(s) of the property who did not occupy the damaged dwelling at the time of the October 8, 2016 declared disaster may deed a life estate to the homeowner-applicant who has no interest in the property. The measuring life of the life estate would be the life of the homeowner-applicant. The homeowner-applicant and the other legal owners will serve as applicants for the CDBG-DR program, each will sign all Housing Recovery Program documents and forms, such as the CDBG-DR application, promissory note and deed of trust or other security document, and each will agree to meet all CDBG-DR program requirements. The local government must submit a written request to the NCEM for a waiver on behalf of the legal owners of the CDBG-DR requirement that the legal owners must occupy the damaged dwelling at the time of the October 8, 2016 disaster. The local government must also submit a written request to the NCEM for a waiver on behalf of the homeowner-applicant of the CDBG-DR requirement that the applicant must be the legal owner of the property at the time of the declared disaster.

Option #3: If the legal owner(s) cannot agree to Option #1 or Option #2, the homeowner-applicant and the legal owner(s) may file an action to quiet title under N.C.G.S. 41-10. Once the parties determine the legal owner(s) of the property, the legal owner(s) may apply to the CDBG-DR program for assistance. The local government must submit a written request to the NCEM for a waiver of the CDBG-DR requirement that the applicant must have occupied the damaged dwelling at the time of the October 8, 2016 declared disaster for only the legal owner(s) who did not occupy the damaged dwelling at the time. Please note that if the legal owners or homeowner-applicant decide to file an action to quiet title, the application deadline may expire during the litigation of this issue. Homeowner-applicants may seek legal advice from private counsel, or if they qualify, they may seek legal advice from the legal services office that serves the county or local government.

Key Steps in the HRP Process



I.4. Income

Applicants must have verified total household income that does not exceed the established 80 percent AMI limits; at least 75 percent of beneficiaries served must be at or below 80 percent AMI. Total household income will be calculated using the IRS 1040/Adjusted Gross Income (AGI) Calculation Method. See Appendix A for the State of North Carolina Collaborative: 1040/AGI Income Calculation Method Policy.

I.5. Application Procedures

Income is used to classify households as either low to moderate income (LMI) households or non-LMI households based on income limits published by HUD. LMI and non-LMI applicants with incomes below and above the income limits are eligible to apply for HRP grants or loans. However, 75 percent of the total funds are reserved for eligible LMI applicants and 25 percent will be available for eligible applicants above the LMI limit. Any household over 80 percent AMI must qualify under the “Urgent Need” national objective. Slum and Blight addresses physical deterioration of building and properties and is not based on income of residents.

I.5.1. Applicant Initial Contact

Intake Centers: All applicants will inquire about the HRP by contacting a Center by call a number that is posted at www.RebuildNC.gov to schedule an appointment at a site designated by the State to accept applications from homeowners, renters and landlords who received damage from the October 8, 2016 disaster. To complete the intake process, the applicant will be required to complete an application and bring to the Center the required documents as identified on the HRP application and checklist. A Case Manager will be available to assist the applicant through the intake process and to answer questions.

1.

Income will be verified as required by the HUD CPD IRS Form 1040/Adjusted Gross Income Calculation Method. After 12 months, all required documentation must be resubmitted for re-verification unless the applicant has signed a contract for rehabilitation with an approved contractor or a sales agreement for replacement housing.

I.5.2. Processing and Approval

The HRP application will be reviewed and eligibility will be determined by the designated agencies. Applicants must provide a current IRS 1040 tax return for all household members over the age of 18 who are required to file a tax return. In some cases, applicants may be required to disclose all sources of income and provide additional acceptable documentation to the sub-recipient grantee or other grantee when an IRS tax return is not available. The Division of Emergency Management will provide the alternate calculator to use when an IRS tax return is not available. Income determinations following this policy will be used by the sub-recipient

grantee to assist with prioritizing applicants along with other factors as specified by the sub-grantee implementing each program. All income will be determined following this policy.

Qualified applicants will be sent:

- An introduction letter informing them of their preliminary approval.
- Explanation of funding sources and restrictions.
- A description of what happens next.

Letters and a copy of the appeals process will be sent to applicants who were denied assistance with an explanation of the reason for their denial.

1.5.3. Meeting with Case Manager

Case Managers will be available through the HRP implemented by the Division of Emergency Management. Case Managers will be available to all State of North Carolina HRP applicants. If, through the application process, there are concerns raised regarding a homeowner's situation (including, but not limited to, issues on the title report, concerns regarding mortgage, income, and/or budget), applicants may also be required to meet with a housing counselor to ensure that their financial situation is sustainable to receive an HRP grant or loan.

1.6. Funding Terms and Security Agreements

1.6.1. Manufactured Home Repairs

Eligible households must:

- a. Provide evidence that the home received damage from the disaster on October 8, 2016 and that the home is in a declared county.
- b. Show evidence of owning the property to be rehabbed and that the property was the household's primary residence at the time of the disaster or the applicant is an immediate family member who has inherited the property from the deceased owner occupant of the property at the time of the damage.
- c. Show clear title to the manufactured home.
- d. Be current on property taxes, assessments, and other liens on the property at the time of application and at closing.
- e. Have all mortgage payments current at the time of application and at closing.
- f. If applicable, provide proof of homeowner's, flood, wind, or other insurance.
- g. Have property that is located within the jurisdiction approved to administer the CDBG-DR housing program.
- h. Agree to not sell or rent the home receiving assistance.
- i. Agree to use the home as their primary residence.

Maximum Grant: Up to \$15,000

Maximum Grant Term: One-year loan

Secured by: Promissory Note

1.6.2. Repair/Rehabilitation of Stick Built, Replacement of Stick Built/Modular Construction and Replacement of Manufactured Homes

Eligible households must:

- a. Provide evidence that the home received damage from the disaster on October 8, 2016 and that the home is in a declared county.
- b. Show evidence of owning the property to be rehabbed and that the property was the household's primary residence at the time of the disaster or the applicant is an immediate family member who has inherited the property from the deceased owner occupant of the property at the time of the damage.
- c. Show clear title to the manufactured home.
- d. Be current on property taxes, assessments and other liens on the property at the time of application and at closing.
- e. Have all mortgage payments current at the time of application and at closing.
- f. If applicable, provide proof of homeowner's, flood, wind, or other insurance.
- g. Have property that is located within the jurisdiction approved to administer the CDBG-DR housing program.
- h. Agree to not sell or rent the home receiving assistance.
- i. Agree to use the home as their primary residence.
- j. Agree to maintain required homeowner's insurance on the replacement home.
- k. Agree to maintain the required flood insurance if applicable.

A five-year forgivable zero-percent interest rate loan will be required for replacement of stick-built and manufactured homes. A lien will be held on the property for five years. If at any time the property is transferred, refinanced, sold, or is no longer the primary residence of the borrower, the unforgiven balance will be due and payable. The lien will be reduced by 20 percent on the anniversary date of the loan each year until the loan is totally forgiven.

Maximum Award:

Repair/Rehabilitation of Homes: Up to \$53,000; up to \$50,000 for elevations when applicable.

Maximum Award:

Replacement of Manufactured Homes: Up to \$75,000 + up to \$6,000 for setup, demolition and inspections and permits;

Maximum Award:

Replacement of stick-built and modular homes: Up to \$125,000; up to \$50,000 for elevations when applicable.

Terms of forgivable loan: (1) Repair/Rehabilitation: five-year forgivable loan. Secured by: promissory note and deed of trust. (2) Stick-built/Modular homes: five-year forgivable loan. Secured by: promissory note and deed of trust. (3) Manufactured home replacement: five-year forgivable loan. Secured by a promissory note; or if the manufactured home is secured on a permanent foundation and made real property the term will be the same as for stick-built/modular homes.

I.7. Primary Residence

All homeowners must agree to use the property as their primary residence for the length of the outstanding loan. Any outstanding balances, together with principal and accrued interest, will be due and payable when the property is no longer the borrower's primary residence, title is transferred, or when the home is refinanced or sold. An annual verification of occupancy will be conducted to ensure that the home is still the borrower's primary residence; insurance has been maintained on the property (if required); taxes are current; and if applicant's lot rent (if applicable) is not in arrears. If receiving a grant, there is a one-year requirement as primary residence.

I.8. Ongoing Household Obligations

Households that receive stick-built/modular homes must sign a promissory note and deed of trust. Manufactured replacement owners will sign a promissory note. Manufactured repaired homes must sign a promissory note. Each owner will sign the required security agreement at the beginning of all construction negotiations. These documents state the following requirements:

- Homeowners must occupy the damaged dwelling as their primary residence upon completion of construction, in accordance with the funding terms of each program's security agreement as outlined in sections 1.6.1 and 1.6.2 above.
- Property taxes must be paid and not delinquent.
- For manufactured homeowners on rented lots, lot rent may not be in arrears
- All utilities must be paid and not delinquent
- Homeowners must permit authorized representatives of the HRP management team and authorized contractors to access the site.
- Grant recipients are required to maintain homeowners flood insurance if located in a floodplain for the remaining life of the home. The sub-recipient grantee must be listed as an "additional insured." Loan recipients are required to maintain insurance throughout the loan period with the sub-recipient grantee listed as an "additional insured".
- A property located in the floodplain may be rehabilitated or replaced; however, the property must be able to obtain necessary permits and have flood insurance for the life of the home. If the homeowner does not maintain flood insurance and incurs future damage, the property will not be eligible for federal disaster recovery funds. All properties must list the sub-recipient grantee or county as an "additional insured" on the homeowner's policy for the duration of the loan or life of the property given a grant.
- Loans recipients will be required to execute a deed restriction document prior to construction or before replacement.
- Sometimes an applicant must provide private funds to the project to cover any determined Duplication of Benefits or additional funds that are required above what the program can or will pay. Private funds must be paid prior to the expenditure of any federal funds. Applicant's private sources of funds for rehabilitation projects must be paid by money order or cashier's check in the name of the contractor and given to the sub-recipient grantee or prior to the construction contract being executed. Applicants will authorize the HRP Inspector to conduct inspections and authorize payments from HRP program funds and private funds to make payments directly to the general contractor. For

manufactured home replacement, the applicant will pay the required private funds directly to the dealership at the time of signing the sales contract and provide a written receipt from the dealer of the funds paid.

I.9. Wait List

The provision of Housing Recovery Program (HRP) assistance is contingent upon the availability of funding. When funding is limited or unavailable, the sub-recipient grantee may create a waiting list pending notification from the NCEM of additional funding. Applicants seeking HRP assistance may be placed on a waiting list. In order for the sub-recipient grantee to determine whether an applicant meets the basic eligibility requirements, homeowners with unmet disaster housing needs may submit an application to the sub-recipient grantee, and provide general information that verifies ownership, “lawful presence” (legal residency), household income, primary residence, and that the residence was damaged by the 2016 disaster.

Once a wait list is opened, if funding becomes available, applicants will be served based on the following risk categories:

1. Immediate health and/or safety risks as established by an inspection
2. Disabled residents
3. Households at or below 30 percent of the AMI
4. Households previously residing in damaged or destroyed manufactured homes
5. Households between 31 percent and 50 percent of the AMI
6. Senior head of household (over 65 years old)
7. Households with children under 5 years old
8. Households between 51 percent and 80 percent of the AMI

To assist the applicants with the most need, each household will receive one point for each verified risk category. Applicants with the most points will be processed first, once funding becomes available. If all or several applicants have an equal number of points, then applicants will be served and ranked based on the time of application (on a first come-first served basis). Applicants with income above the 80 percent AMI may also apply for HRP assistance and qualify under “Urgent Need,” but will be placed in a lower risk category.

Applicants will be notified if/when funding is available. At that time, additional information will be requested to complete the application and eligibility process.

I.10. Duplication of Benefits (DOB)

Applicants must disclose all financial assistance awarded and/or received in response to the damage, including but not limited to FEMA, the Small Business Administration (SBA), private insurance, other state, local or federal programs, and private or non-profit organizations donations in compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, [42 U.S.C. 5121-5207]. The sub-recipient grantee reserves the right to adjust the amount of

assistance available for an applicant based on the receipt of previous assistance to prevent the duplication of benefits. Recipients of assistance must report any damage-related assistance they receive for one year after the award of HRP funds. The sub-recipient grantee will monitor compliance with the agreement for one year, by contacting the various agencies as noted above or listed in the original DOB calculation and by contacting the recipient of CDBG-DR funds. The applicant must repay any assistance later received for the same purpose as those awarded or provided CDBG-DR funds (refer to the state's Duplication of Benefits Policy). Federal Register/Vol.76, No. 221/Wednesday, November 16, 2011/Notices.

I.10.1. SBA Disaster Loans

If the applicant applied for and was offered an SBA loan but declined all or part of the loan, the amount of the loan declined may be considered a duplication of benefits. The applicant must document the reason they declined the loan on the sub-recipient's SBA Hardship Documentation form. The sub-recipient, on a case by case basis, will determine whether the household qualifies for a Hardship Determination. All applicants requesting an SBA hardship will be required to meet with a Housing Counselor to review their budget at the time the loan was refused and/or reduced.

I.10.1.1. Demonstrable Hardship:

Demonstrable hardship is defined using its two component words:

- Demonstrable—Proved or shown, by objective evidence (not subjective feelings).
- Hardship—An economic impact that is burdensome or very difficult to bear, causing economic distress well beyond mere inconvenience.
- A demonstrable hardship is a substantial change in an owner's financial situation that will prohibit or severely affect the ability to provide a minimal standard of living or the necessities of life, including food, housing, clothing and transportation, without causing economic distress well beyond mere inconvenience, as shown by objective evidence. A demonstrable hardship must be occurring after the 2016 damage event. The term is not necessarily a definable term of fixed and inflexible content or meaning.
- The demonstrable hardship must be of a severe, involuntary, and unexpected nature. It must not be one that is generally shared by other property owners affected by the 2016 damage event or within the disaster area. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive, as there may be other factors relevant to the issue of demonstrable hardship in a particular case.
- The existence of a demonstrable hardship will be evaluated on a case-by-case basis after review of all the circumstances. Whether there is a demonstrable hardship heavily depends upon the facts and circumstances.
- Persons claiming a demonstrable hardship will be required to provide evidence to support the hardship claim to the sub-recipient. A written decision will be rendered and provided

to the person claiming the hardship.

I.11. Calculating the Amount of Assistance

Assistance to individual homeowners is determined after the eligibility criteria has been met, subtracting DOB that must be paid by the applicant, and then factoring in the funding caps for the required rehabilitation activity. The calculation follows a three-prong test:

- Does the estimated cost of repairs exceed the 50 percent rule? If no, then rehabilitation assistance may be approved.
- Does the homeowner have other resources (other than personal savings) to help pay for the rehabilitation? If yes, subtract from estimated cost of repairs and the remaining balance is the CDBG-DR maximum award up to \$53,000.
- If the remaining balance exceeds the \$53,000 maximum amount available from CDBG-DR, the homeowner will need to identify other sources of funds and/or volunteer labor to cover the total cost (e.g., local programs, non-profit or other organizations). In all cases, CDBG-DR funds are the last funds to fill the unmet need.

The CDBG-DR recovery calculation may look as follows:

1. Identify total post-disaster need prior to any assistance;
2. Identify potential duplicative assistance;
3. Subtract all assistance found to be duplicative, resulting in the maximum potential award amount or unmet need.

I.12. Appeals

An applicant may appeal a decision by the sub-recipient grantee or State regarding their application or the funding they were awarded from the program to the sub-recipient grantee. An applicant must appeal any issues with their ineligibility and /or award within 15 days of the determination as set out in the determination letter or from the date of their notification of the appeals process, whichever is later. Appeal and Complaint Procedure: Attachment B.

I.13. Homeowner Contribution Requirements

I.13.1. Rehabilitation Projects

Before the construction contracts are signed, the homeowner must provide the sub-recipient grantee with a cashier's check or money order for the homeowner's contribution toward the assistance if it is determined that there is a DOB and/or the cost of rehabilitation work that is not approved or covered under the HRP will be paid by the applicant. The payment must be made out to the contractor that was awarded the rehabilitation contract. The sub-recipient grantee will hold the cashier's check or money order and will distribute to the contractor at the time of the first progress payment.

I.13.2. Replacement Manufactured homes

Before a new manufactured home can be purchased, the participant must provide a receipt from the seller or dealership that the amount of duplication of benefits has been paid in full.

I.14. Disbursement of Funds and Agreements

Funds will be disbursed in the following order:

- Private funds required for additional rehabilitation work or duplication of benefits.
- CDBG-DR funds for the full value of the construction award or sales agreement, as indicated in the award calculation.
- If a manufactured home payment, the final payment for the set-up of the manufactured home replacement will be withheld until completion.

I.14.1. Forgivable Loan Documents and Participants Agreements

The promissory note (note) and/or deed of trust (when applicable) signing is conducted before construction begins and any reimbursement payments are made. At the signing, legal documents are executed that obligate the funds to the homeowner and to reserve the amount of the grant/loan designated for the homeowner. Costs incurred for loan processing and closing costs may be included in the loan amount. Any required participant's funds will need to be paid before construction can begin. The grant/loan signing is not conducted until the sub-recipient grantee receives an environmental clearance to obligate funds for construction and for the approval of a reimbursement award. The signing of the construction contract takes place once design plans, contractor selection, and scope of work are final.

I.14.2. DOB Payment

The homeowner will also be asked to provide a cashier's check or money order made out to the selected contractor for duplication of benefits. This check or money order will be kept by the sub-recipient grantee and will be paid to the contractor on the first draw approved by the homeowner.

I.14.3. Construction Contract

When work remains to be completed, the contractor and the homeowner will sign a construction contract. The contract will outline the obligations of the contractor and the homeowner under the contract (e.g., the start date, amount of the construction, scope of work, design drawings, and the estimated completion date).

I.14.4. Pre-Construction meeting

After the signing of the construction agreement, the homeowner, HRP Inspector, and the contractor will meet to review pre-construction activities that will be undertaken, the timeline for the homeowner (and belongings) to be out of the structure (if applicable), and to review and confirm all finishing selections.

I.15. Eligible Structures

I.15.1. Single Family

Single family, one-unit structures are eligible for assistance. If the property has an attached garage, it can be repaired to the extent that it is necessary to make the structure safe and sanitary.

I.15.1.1. Reconstruction

Rebuilding or reconstruction of a stick-built home or modular home is eligible on the same lot in substantially the same footprint and manner. The total square footage of the original, principal residence structure to be reconstructed may not be exceeded.

I.15.2. Townhomes/Condominiums

Townhomes and condominiums are eligible for rehabilitation when feasible. If a property is designated as a condominium or townhouse, the owner of each condominium unit shall be allowed to apply for assistance for the unit under their ownership. These homeowners will be reviewed on a case-by-case basis to assess responsibilities of the condominium's homeowner association. In all instances, each unit shall have an individual mailing address registered with the United States Postal Service (not a P.O. Box).

I.15.3. Home-based Business

The assisted property must be wholly residential in character. Properties containing home-based businesses may be rehabilitated only where it can be clearly shown that program funds are not used to assist the business contained in or on the property.

I.15.4. Manufactured homes

Manufactured homes are eligible for rehabilitation when feasible. If the manufactured home owner is renting a pad in a manufactured home park, the pad area will **not** be eligible for any rehabilitation funds. The manufactured home must not have the axles on the manufactured home and must be placed on a pad or supported by cinder blocks. If the manufactured home repairs exceed 50 percent of the County's assessed value prior to the disaster, the manufactured home may be replaced with a decent, safe and sanitary, HUD-certified used or new manufactured home.

I.15.5. Homes in Floodway or Floodplain

Homes in the floodway or floodplain may be relocated out of the floodway or floodplain, either to another location on the homeowner's lot (if zoning allows), or to a different location. Homes in a floodway cannot receive any repairs or elevation funding while located in a floodway.

I.15.6. Homes with Basements

Properties with conforming basements (egress windows and existing building permits) will be repaired for living space as necessary to meet minimum design standards. Properties with non-conforming basements (no egress windows) will be repaired to the extent necessary to make them safe and sanitary. However, if the non-conforming basement was/is used as a bedroom,

then it can be repaired for living space. All code violations will be corrected during the reconstruction.

I.16. Home Evaluation

The sub-recipient grantee will estimate the cost of repairs. The Estimated Cost of Repair (ECR) incorporates costs necessary to ensure that the property meets the HRP's Minimum Property Standards. The ECR does not provide an evaluation that considers an exact replacement of an applicant's original home. The ECR evaluation is based on basic livability standards and on costs developed by the construction industry in North Carolina.

All property improvements must be for unmet housing needs resulting from the October 8, 2016 damage, code violations, energy efficiency improvements, HQS violations and resiliency.

Examples include:

- Exterior work, such as roofs, foundations, paint or siding, non-public sidewalks, site grading (to control flooding), utility connections (from property line to the adjacent street), septic systems, well water systems, doors, locks, skirting, leveling and bracing.
- Interior work, including electrical repair or rewiring, plumbing, replacement of damaged flooring where it poses a hazard, doors, locks, painting, abatement of lead-based paint, replacement of inoperable built-in appliances, drywall replacement, replacement of damaged windows, installation of egress windows (per code) and the installation of damage vents in basements and crawl spaces.
- Weatherization and energy conservation measures such as insulation, caulking, weather stripping, E-star appliances and repairs or replacement of windows, doors, and heating systems.
- Modifications to aid the mobility of the elderly and physically disabled, such as accessible showers, lever hardware, ADA toilets, moving power points and light switches, ramps, widening doorways, lowering sinks in kitchens and bathrooms.

Structures built before 1978 must be inspected for lead-based paint hazards and must comply with the Lead Safe Housing Rule (LSHR) (24 CFR Part 35, subparts B-R). Where such hazards are detected, the homeowner(s) will be notified and appropriate steps will be taken to mitigate dangers from lead-based paint. See Appendix 1 for the North Carolina Lead-Based Paint Plan.

I.17. Repair and Rehabilitation Homes

The following methods will be used to determine if a home is eligible for rehabilitation:

1. Homes damaged by the October 8, 2016 disaster that are determined to have a remaining unmet rehabilitation need based on a damage assessment will be eligible for rehabilitation. Unmet need is determined after the damage inspection provides an estimated cost to repair minus any previously received assistance for the same purpose (duplicated benefits). Remaining repair costs may be awarded up to \$53,000 or additional funds may be approved for elevations up to \$50,000 on a case-by-case basis.

2. The home's estimated cost of repairs must at or below 50 percent of the pre-disaster assessed value. Estimated cost of improvements includes the damage from the disaster, lead-based paint mitigation, code violations, and HQS violations. If the costs are more than the 50 percent of the home's pre-disaster value, the home will be considered for reconstruction, buyout, or seek an exception to the rule for just cause. Exceptions must be approved by the State.

Each rehabilitation item in the home must meet Minimum Property Standards. If required rehabilitation exceeds the maximum funding amount, funds needed in excess must come from the homeowner, another funding source, or waiver prior to the start of construction. The waiver must be approved by the state.

I.18. Pre-Disaster Value

The county assessor's office where the property is located will provide the pre-damage assessed value of the property, which will be used to determine the value of the home.

I.19. Property Inspection/Notice to Proceed

I.19.1. Verifying Repair Needs and Rehab Work Eligible for Reimbursement

For applicants who have been determined eligible, the HRP Inspector will perform an initial inspection to determine a property's remaining estimated unmet need, tie-back to the disaster, and estimated cost of repairs already completed by homeowners. Additionally, inspections to verify repairs completed will be performed for applicants that are only seeking reimbursement through the HRP.

- All improvements must be physically attached to the property and permanent in nature. Site work is eligible only if the applicant's home also receives Rehab services, or if the improvement will correct a threat to health and safety (see b., below).
- All threats to health and safety must be completed before general improvements. They include lead-based paint remediation, building code and HQS violations, as well as any site work needed to stabilize the property, control erosion, correct drainage problems, and protect the home from future flooding.
- Exterior work such as roof, foundations, paint or siding, non-public sidewalks, site grading (to control flooding), utility connections (from property line to the adjacent street), septic systems, well water systems, doors, locks, skirting, leveling, and bracing
- Interior work includes electrical repairs or rewiring, plumbing, replacement of damaged flooring where it poses a hazard, doors, locks, painting, abatement or lead-based paint, replacement of inoperable built-in appliances and the installation of damage vents in basements and crawl spaces.
- Weatherization and energy conservation measures such insulation, caulking, weather stripping, E-star appliances, and repair and replacement of windows, doors and heating systems.
- Modification to aid the mobility of the elderly and physically disabled such as installing accessible showers, lever hardware, and ramps; retrofitting toilets to achieve adequate height; moving power points and light switches; widening doorways; and lowering sinks in kitchen and bathrooms.

1.19.2. Estimate of Repair Needs

1. The repair and/or rehabilitation of the residence necessary to meet program standards and applicable local, state and/or federal building codes;
2. Mitigation and elevation efforts to reduce the impact of future storms on the home; and
3. To repair the storm damage to the home, the estimated cost will contain a detailed listing of needed repairs, including units of measure as well as quantities. In addition to eligible construction activities, the estimate will include necessary environmental mitigation, such as lead-based paint remediation (as required), elevation costs (as required), eligible accessibility features, program-required minimum HQS, HUD Green Building Retrofit Checklist items, and resiliency repairs.

1.19.3. Items Not Included in Repair Needs

The following items will **NOT** be included in the estimated cost of repairs:

- a) Repairs or replacement of detached structures such as sheds, garages, swimming pools, decks, or fences (detached garage repairs or demolition will only be included when required by sub-recipient grantee codes)
- b) Replacement of window air conditioner units
- c) Any repairs in excess of mid-grade materials
- d) Public sidewalks, driveways, roads and streets (unless addressing access, health, or safety)

1.19.4. Accessibility Needs

Properties that have household members who are elderly or disabled will be analyzed as to the special needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas may be included in the scope of work, if appropriate.

1.19.5. Initial Inspection

The initial inspection will comprise three key tasks that may be completed in one visit or may involve multiple visits as determined necessary:

- a) Estimated cost of repair to determine eligibility for reconstruction or rehabilitation. This inspection will consider all work that has been completed and work that is still required under the HRP requirements.
- b) Determine the scope and quality of any repairs in accordance with the local entity's established building codes, including the National Green Building Standards.
- c) Determine if there was a direct impact from the October 8, 2016 declared disaster; if no disaster benefits were received (e.g., from FEMA, SBA) review options listed in this policy under Level of Damage.

1.19.6. Property Photo Requirements

During the initial inspections, damage will be assessed and documented. Photos of the property will be taken that will include:

- front elevation;
- all other exterior elevations;
- interior photos of home damage;
- interior photos of HQS violations;
- back yard and side yards;

- proximity of dwellings to any outbuildings close to the home; and
- obvious environmental issues.

I.19.7. Estimated Scope of Work

The HRP Inspector will prepare a Scope of Work along with estimated costs to repair based on the initial inspection. The HRP Inspector and the homeowner will review the Scope of Work and make the appropriate changes if required. The homeowner will have 14 days to approve the Scope of Work. Once the HRP Inspector receives the approval, the rehab work will be bid for contractors according to the sub-recipient grantee's Procurement Policy below.

I.19.8. Permits and Standards

The contractor will be responsible for pulling all permits and following the local building codes, including the National Green Building Standard ICC 700-2008.

I.20. Lead-Based Paint Risk Assessment

I.20.1. Determination of Date of Construction

Prior to contract with the homeowner, the HRP Inspector will make every attempt to confirm subject property date of construction. Properties with date of construction after January 1, 1978, are exempt from Title X of the Housing and Community Development Act of 1992 and all implementing regulations.

Documentation of identified sources used to determine age of structure will be maintained with the project file. At the initial site inspection, if the property is determined with a high level of certainty to require reconstruction (e.g., being destroyed, structurally unsafe to enter, or existing conditions are such that the building cannot be rehabilitated) a lead-based paint risk assessment will not be conducted unless the determination of reconstruction is changed to rehabilitation.

I.20.2. Assumption of Lead-Based Paint

If the property being rehabilitated was constructed on or before January 1, 1978, lead based paint will be assumed to be present, or a lead hazard evaluation firm will be contacted to perform an on-site lead risk assessment. All identified lead-based hazards and areas of defective paint will be corrected during the rehabilitation project using appropriate lead-based paint hazard control options.

In accordance with 25 CFR 35.930(c) a residential property receiving an average of more than \$5,000 and up to and including \$25,000 per unit in federal rehabilitation assistance will include a scope of work to perform interim controls of all presumed lead-based paint hazards, implement safe work practices during rehabilitation work, and repair any paint that is disturbed and is known or presumed to be lead-based paint.

In accordance with 24 CFR 35.1330(d)(f)(1) and (2), soil-lead hazards and abatement interim controls will be utilized to control soil-lead hazards.

1.20.3. Contracted Firms to Follow EPA Rule

All firms performing, offering, or claiming to perform renovations for compensation in pre-January 1, 1978 properties must comply with the Environmental Protection Agency's (EPA's) Renovation, Repair and Painting (RRP) Rule and EPA's Lead Pre-Renovation Education Rule. This means that all general contractors performing rehabilitation to HRP properties that are pre-1978 housing must be an EPA-certified firm. See Attachment A, North Carolina Lead-Based Paint Compliance Plan for additional requirements.

In accordance with 24 CFR 35.930(d), for residential properties receiving an average of more than \$25,000 per unit in federal rehabilitation assistance, the RRP inspector will include a scope of work to abate all lead-based paint hazards identified from the lead risk assessment. All lead-based paint hazard abatement work will comply with HUD and EPA regulations.

The contractor will be responsible for procuring a North Carolina state-certified lead abatement firm to conduct the abatement work using state-certified lead abatement supervisor(s) and state-certified lead abatement worker(s).

1.20.4. Clearance

All rehabilitation projects in the HRP are funded with federal assistance. Therefore, clearance examination is required for all identified target housing structures that have not been determined to be free of lead-based paint (24 CFR 35.1340). At the conclusion of all rehabilitation activities, including (if required) lead-based paint hazard abatement, the contractor will request a clearance examination from the HRP Inspector. The HRP Inspector will be responsible for conducting and obtaining an independent clearance examination and performing it in accordance with 24 CFR 35.1340 paragraphs (b) through (g).

1.21. Mold Assessment and Remediation

1.21.1. Inspection

Mold assessment consists of visual assessment only, performed by the HRP Inspector. Mold assessment and/or testing of the existing structure are not performed on reconstruction projects. If a visual inspection reveals the presence of mold, additional testing is not necessary, unless recommended by the HRP Inspector or requested by the homeowner. Testing for mold will be performed by a qualified person. Testing services will only be provided to homeowners who have been approved for the HRP. The cost of the testing is reimbursable under the HRP in addition to the grant award.

1.21.2. Remediation

Currently there are no government standards pertaining to acceptable levels of indoor airborne mold spores and structures. Mold is present everywhere in the environment. For all projects, identified moisture sources should be eliminated prior to further remediation. Post-remediation dehumidification may be necessary to completely dry the remaining structural framing materials prior to construction. In cases where this occurs, the sub-recipient grantee will incorporate this into the work write up.

Mold will be required to be remediated by a general contractor when it is or was identified either at time of the initial inspection or during the general contractor's walk-through or construction. Materials harboring mold will be cleaned or replaced. The sub-recipient grantee will document remediation activities in the work write-up.

I.22. 23. Asbestos Survey

I.22.1. Asbestos Survey Requirements

In accordance with federal and state laws and regulations, when demolition is required of drywall, floor tiles, or other items that may contain asbestos, a qualified asbestos inspector must perform a comprehensive building asbestos survey that is based on a thorough inspection to identify the location and condition of asbestos-containing materials throughout the structure. When present, small amounts of drywall, mud, floor tile, mastic, etc., will be collected for sampling. Presumed Asbestos Containing Materials (ACM) will be documented and recorded.

I.22.2. Proper Removal and Disposal

Proper removal and disposal of ACMs will be included in the preliminary work write-up completed for all rehab projects. ACMs that are friable, or that will be disturbed or removed by the renovation or demolition must be removed and disposed in accordance with federal and state regulations by firms and individuals properly licensed for the work. If asbestos should become apparent once construction begins, procedures aligned with state and local abatement procedures, as well as HUD and the EPA will be followed. The general contractor will be responsible for retaining a qualified asbestos inspector to assess suspected ACMs to be disturbed and identified after execution of the Construction Contract. Costs for additional assessment and/or removal will be reimbursable as a Change Order to the Contractor. All asbestos abatement will be done in accordance with EPA requirements for air pollution prevention and OSHA requirements for worker protection. The contractor will provide the sub-recipient grantee with a copy of the Disposal Manifest for all ACMs removed from the site, as a condition precedent to final payment.

I.23. Procurement of Contractor

I.23.1. General Procurement Requirements

The Community Development Block Grant program is authorized under Title I of the Housing and Community Development Act of 1974. Program regulations are codified at 24 CFR Part 570. Local government grantees must follow the procurement regulations set forth in 2CFR 200.318-200.326. State grantees, however, must demonstrate compliance by establishing policies and procedures, and may do this following their own state laws and regulations, or adopting the federal regulations either in whole or in part. Whatever set of requirements states choose to implement in their policies and procedures, they must ensure that the process involves fair and open competition. The State of North Carolina will adopt the requirements of 2 CFR 200.318-200.326. The State will require that sub-recipient and contractor determinations are in accordance with the standards in 2 CFR 200.330. Refer to the HUD Buying Right CDBG-DR

and Procurement: A Guide to Recovery for guidance at.

<https://www.hudexchange.info/resources/documents/Buying-Right-CDBG-DR-and-Procurement-A-Guide-to-Recovery.pdf>

It is critically important to plan procurement for goods and services with the following high-level requirements in mind:

- i. Ensure open and full competition.
- ii. Will not utilize cost plus a percentage of cost method of contracting.
- iii. Will not utilize a percentage of construction costs methods of contracting.
- iv. Include any clauses required by federal statutes, executive orders, and implementing regulations.
- v. Include standards of conduct for employees.
- vi. Prohibit conflicts of interest.
- vii. Obtain certification from any transaction participant that neither it nor its principals are currently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation.

Procurement Basics and Specific Methods: Before buying goods and services with CDBG-DR funds to assist in recovery efforts, Grantees should keep the following in mind:

- i. Uses of funds must respond to need.
 - Grantees must first identify and document a need for goods and services before undertaking procurement. CDBG-DR Grantees need to make clear the connection between disaster relief, recovery, and related investments in housing, infrastructure, and to businesses in support of the local economy.
- ii. Grantees should also conduct a price and/or cost analysis to make sure that costs are reasonable and necessary. States must follow their own guidelines that ensure full and open competition, or they may follow the federal guidelines in 2 CFR Part 200.
- iii. Grantees must have a system of contract administration in place, which will be based on the management of federal funds, but may reflect additional state and local laws and regulations.
- iv. Use lists of prequalified contractors/vendors.

Preferably, Grantees have created these lists prior to any CDBG-DR appropriation to accelerate procurement. The Grantee should open the list again when the Grantee has notice of CDBG-DR appropriations to allow additional qualified vendors to join the list. Even with such a list, the non-federal entity must accept proposals from qualified bidders not listed.

- v. Disaster Recovery Reporting:

Grantees report CDBG-DR funds through the Disaster Recovery Grant Reporting (DRGR) system, which is different from the Information Disbursement Information System (IDIS) used to manage regular CDBG funds. HUD grantees should have staff trained on DRGR prior to managing CDBG-DR funds.

All procurement under the HRP, regardless of method or dollar value, will be conducted in a manner that provides maximum open and free competition. Procurement procedures will not restrict or eliminate competition. Procurement notices will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. The description will include a statement of the service to be procured, and when necessary, will set forth the minimum essential characteristics and standards necessary to satisfy its intended use. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equal” description will be used to define the performance or other salient requirements of procurement. The specific features of the named brand will be clearly stated.

Purchases of goods and/or services costing more than \$3,000 but less than \$25,000 require that competition be sought via an informal quote process. At least three vendors known to provide the required good(s) and/or service(s) will be contacted for written quotes.

For purchases of goods and/or services costing over \$25,000, formal competition will be sought via an Invitation for Bids (where award will be to the responsible vendor offering the lowest price and meeting specifications) or a Request for Proposal (where award will be to the responsible vendor providing the most advantageous offer based upon evaluation criteria listed in the RFP).

1.23.2. Selection Procedures

Procurement contract awards will be made to a bidder whose bid or offer is responsive to the solicitation and is most advantageous—price and other factors considered.

The HRP Inspector will ensure that the award is only made to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement contract and is agreed upon by the property owner. Consideration will be given to such matters as contractor integrity, licensing (if applicable), compliance with public policy, record of past performance, and financial and technical resources.

The sub-recipient grantee will maintain records to detail the significant history of the procurement. The files will contain the rationale for selecting the methods of procurement used, selection of contact type, the contractor selection/rejection process, and the basis for the cost or price of a contract.

A pre-qualified contractors list, if used, will be current, developed through open solicitation, include adequate numbers of qualified sources, and will allow entry of other contractors to qualify at any time during the solicitation period (2 Part 200.320(c)(2)(i) .

The sub-recipient grantee will ensure that awards are not made to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 (3 CFR Part 1986 Comp., p.189 and 12689 (3 CFR Part 1989 Comp., p. 235 , “Debarment and Suspension” .

I.23.3. Methods of Procurement for Construction

The HRP program recognizes the following three methods of procurement:

- Request for Proposal (RFP), project costs over \$25,000: This process is generally used to obtain consultant services (2 Part 200.320(d)). This method will be used only when conditions are not appropriate for the use of sealed bids. Request for Proposal (RFP) will be used and will clearly and accurately state the technical requirements for the goods and services required. The HRP Inspector will conduct a technical evaluation of the submitted proposals with the owner to identify the responsible bidders. After negotiations, these bidders may be given the opportunity to submit a “best and final” offer. The HRP Inspector will award the contract to the most responsive and responsible bidder after price and other factors are considered through scoring the proposals according to predetermined evaluation criteria.
- Invitation for Bid (IFB) or competitive sealed bids, project costs over \$25,000: This is a formal advertisement procedure (200.320(c)). The HRP Inspector will advertise the Invitation for Bid (IFB) through the sub-recipient grantee’s procurement system. The IFB will include the scope of work with complete and accurate specifications and pertinent attachments, and clearly define items or services needed in sufficient detail for the bidders to respond properly. Bids will be opened publicly at the time and place stated in the IFB.
- Informal Quote Process (quotes): HRP projects totaling more than \$3,000 require that at least three vendors are contacted for quotes (200.320(b)). Quotes will be accepted by e-mail or fax.
- The Invitation to Bid method is the preferred approach for procuring construction services for projects above \$25,000 and Informal Quotes for projects under \$25,000.

I.24. Monitoring Contractor Progress and Making Progress Payments

To bring the contract to completion, the HRP Inspector will monitor construction contracts and change orders to ensure compliance with technical specifications, state and federal requirements, maintain adequate cost and budget controls, and approve/process necessary contract changes.

During construction, the HRP Inspector will monitor labor standards and equal opportunity requirements. The HRP Inspector is also responsible for construction management. Construction management will include inspection and general supervision of construction to check the contractor's work for compliance with the agreed upon scope of work, including drawings and specifications, and to provide quality control. Written inspection reports will accompany the contractor's requests for partial payment.

Each request for progress payment will contain:

- a) Certification by the HRP Inspector that necessary inspections have been made and the work has been satisfactorily performed in accordance with the Construction Contract on the progress inspection form;
- b) The signature of the participant denoting approval of the work for which payment is requested; and

- c) Lien waivers for all work and materials.

General Supervision – will include monitoring construction to alert the sub-recipient grantee and homeowner of the need for adjustments in design as dictated by actual field conditions and the need for contract amendments.

Quality Control – will include quality tests as necessary to verify conformance with technical specifications concerning minimum quality requirements.

I.25. Change Orders

Change orders are issued when the initial agreed upon pricing or work to be completed requires modification. First, the contractor must complete a Change Order Request Form. This form and supporting documentation must be delivered to the HRP Inspector for review. Each change order must have a cost analysis. Once the HRP Inspector approves the change order, it is returned to the contractor for execution. In addition, the contractor will be required to obtain the homeowners signature(s). Change orders are invoiced on the final draw only and categorized as “change order.” The amount listed on the invoice must match the previously approved amount and must be cost reasonable. The HRP Inspector is responsible for verifying cost reasonableness. Verification documentation for cost reasonableness becomes an attachment to the change order.

I.25.1. HRP Inspector Responsibility

The HRP Inspector is responsible for following policies when administering the change order process. The HRP Inspector will ensure that:

- Change order is documented necessary and reasonable;
- All required signatures are on the change order form;
- All change order work is completed prior to final inspection; and
- A change order for compensation of time or cost is only issued in writing after final inspection.

I.25.2. Homeowner-Initiated Scope Change

A homeowner-initiated scope change is defined as a specific addition or deletion to the original contract scope of work requested by the homeowner. Homeowner scope changes do not include changes that are the result of unforeseen conditions or discrepancies in the contract documents (specifications or drawings). Homeowner scope changes are **not** allowable, unless related to an accessibility issue that has developed since the negotiations of the contract. All homeowner-initiated scope changes must also be approved, in writing, as noted above and meet all the required criteria noted above.

I.26. Construction Closeout and Warranty

I.26.1. Final Inspection

Once construction is complete, the contractor will request a final site visit to guarantee that all work outlined in the contract has been satisfactorily completed according to the appropriate state

and local codes and the home meets Housing Quality Standards (HQS). The final site visit confirms that all work has been completed and accepted by the HRP's building inspector along with any required Certificate of Occupancy (CO). A final inspection form will be completed and signed by the homeowner, contractor, and HRP Inspector and placed in the project file.

1.26.2. Construction Warranty

Contractors must provide all warranties prior to the inspector signing a final inspection form. As specified in the Construction Contract, the warranty must meet the required warranty standards approved by the sub-recipient grantee. Photographs of the construction work will be taken for documentation purposes and placed in the project file. The contractor will provide the homeowner any instruction booklets and a warranty information binder with an acknowledgement form that they have reviewed it with the general contractor.

II. Repair and Replacement of Manufactured Homes

II.1. HRP funds can be used for rehabilitation, relocation, and/or replacement of damaged manufactured homes.

Manufactured homes with damages at or below 50 percent of its pre-disaster value may receive up to \$15,000 for repairs. If the cost of repairs exceeds 50 percent of the pre-disaster assessed value, the property is not suitable for rehabilitation and will be considered for replacement.

II.1.1. Comparable Replacement

Dwellings must be:

1. Decent, safe, and sanitary.
2. Functionally equivalent to the damaged dwelling (i.e., perform the same functions, and provide the same utility). The sub-recipient grantee will determine whether a replacement dwelling is functionally equivalent to the damaged home.
3. Adequate in size to accommodate the occupants.
4. In a location generally not less desirable than the location of the damaged home.
5. Within the financial means of the participant.

II.1.2. Replacement Requirements

Requirements for replacement of a manufactured home are:

- Used or new manufactured homes must be HUD Certified.
 - Replacement of a manufactured home will be equivalent to the damaged home, based on the number of bedrooms and/or occupancy standards and the manufactured home park standards.
 - HRP funds for the replacement of a manufactured home are available up to \$75,000 minus the calculated Duplication of Benefit amount required to be paid by the participant. The cost of removal of the owner's existing manufactured home to the landfill is eligible, and is included in the replacement cap and lowers the amount available for purchase.
 - Relocation of a manufactured home to a new location within the State of North Carolina can be added to the maximum replacement cost of up to \$6,000 and will include the take-down and set-up of the home, and pulling all required permits.
 - If located in the 100-year floodplain, the replacement manufactured home can be placed in the same manufactured home park if the home can obtain the necessary building permits and be able to obtain flood insurance, or it can be moved to another manufactured home park within the State of North Carolina.
 - Replacement manufactured homes must be within the National Automobile Dealers Associations (NADA) retail value. A copy of the valuation report will be placed in the household's file.
 - The manufactured home park where the new home will reside must approve the new manufactured home in writing prior to approval of the home and the signing of a sales contract.

During the removal of the damaged home and the replacement of the new home, the participant may be eligible for interim rental assistance not to exceed three months. Each case will be evaluated for the need for interim housing under the HRP; exceptions to the length of time may be made on a case-by-case basis by the State. The cost of interim housing under the HRP, will be included in the loan instrument. The interim housing unit is required to have an HQS inspection.

The applicant will be required to sign a lease agreement with the landlord. Options and the availability of interim housing may be limited. The State or Sub-Recipient is required to periodically search for availability and secure prices on available properties to ensure that resources are known, available based on identified needs (size and amenities); and prices and selections are reasonable/competitive. The grantee should re-evaluate interim housing costs quarterly.

The replacement benefit amount is up to \$75,000 unless elevated. The maximum does not include interim housing costs. Interim housing cost for less than three months can be included as a project cost. When interim housing is required to be extended for extenuating circumstances with a construction project, the Temporary Rental Assistance Program should be used to fund the remaining need. In cases where it is known that a project will exceed the three-month interim housing maximum, the owner should be placed in the Tenant Rental Assistance Program.

II.2. New Replacement Manufactured homes

A qualified homeowner of a manufactured home damaged in the 2016 disaster will be approved for replacement if the repair cost to the damaged manufactured home is more than 50 percent of the home's pre-disaster value. The owner has an option to replace with a manufactured home or a modular home. LMI homeowners will be referred to a housing counselor for financial counseling when the cost of a new home causes a financial burden. A letter will be sent to the homeowner explaining the guidelines for purchasing and the maximum dollar amount allowed under the replacement program. The letter will also notify the homeowner of any Duplication of Benefits (DOB) they will need to pay.

II.2.1. Comparable Manufactured

The homeowner will receive a standard model manufactured home that will provide a comparable replacement to their damaged home. The homeowner does not have to accept the most comparable as listed on the comparable form; the comparable process is used to determine the amount available for that unit. Only mid-grade materials and fixtures will be allowed under this program. However, some additional options may be allowed (see list below in 2.3) if the price does not exceed the maximum amount allowed. No special orders are allowed unless approved by the sub-recipient grantee. The homeowner will be required to send a written request to the sub-recipient grantee stating the reason they are unable to choose a standard model. Documentation of this activity and the outcome should be placed in the file and provided to the Division of Emergency Management prior to approval.

II.2.2. Insurance Requirement

The homeowner will be required to obtain homeowner's insurance for one year prior to any payment made on a new manufactured home. The homeowner can choose to have the manufactured home dealership add the cost to the purchase of the new home (not to exceed the maximum allowed) or can purchase homeowner's insurance from any insurance company that provides this service. If it is purchased from the dealership, the cost must be included on the Sales Agreement. If it is purchased from an insurance company, the homeowner will be required to provide verification that the home will be covered for one year. Homeowners are required to maintain their homeowner's insurance throughout their grant or forgivable loan term.

II.2.3. Allowable Options from the Base Model (only with written approval from the sub-recipient grantee)

- Gutters
- Whole house air conditioning
- Insulated skirting
- Handicapped modifications
- Weatherization for energy star items

Once the homeowner chooses a new manufactured or modular home, the dealership will request approval from the sub-recipient grantee by sending a signed Sales Agreement and NADA report. The signed sales agreement needs to list the above allowable options separately along with any demolition and installation costs. The dealership will not be allowed to collect any down payment from the homeowner until the sub-recipient grantee approves the purchase price and options. Once the home is approved, the homeowner will be required to pay to the dealership any DOB (if applicable) and provide verification of payment to the sub-recipient grantee. Damaged manufactured homes will be removed and demolished in accordance with the State of North Carolina requirements and a Certificate of Destruction will be filed in the appropriate county. Record of the removal, destruction, and Certification of Destruction will remain in the project file.

II.3. Steps to Purchase Manufactured home

- The dealership will send the original Sales Agreement (dated and signed by both homeowner and dealership) along with the NADA report to the sub-recipient grantee for preliminary approval.
 - a) The Sales Agreement must have the base price listed separately. Any additional costs outside of the base price or NADA report that are taxable items (such as allowable options listed above) must be broken out separately beneath the base price. The subtotal will include all taxable costs, taxed at the appropriate rates. Other charges that are ***non-taxable items*** (such as insurance, warranty, land improvements, title fees, and notary fees) will be listed separately on the sales agreement.
 - b) The base price of the Sales Agreement will be matched to the NADA report. The Sales Agreement and NADA report must be for the same model and size. Under options, the dealership will list all options included in the sale that are not listed under the NADA report such as gutters, ADA options, A/C, etc.

- c) Under the Seller Responsibilities the dealership will list all items it is responsible for, including, but not limited to the following:
- Hook up existing water, sewer, and electric
 - Install home to manufacture requirements
 - Install skirting
 - Install two decks – 4x4 at back entrance and 4x6 at front entrance
 - Install heat tape and insulated water line
 - Pressure test gas
 - Schedule and receive a pass rating on all required inspections
 - Remove damaged home and supply a Certificate of Destruction
- The sub-recipient grantee will verify the calculations and sales tax amount for accuracy prior to payment. The sub-recipient should contact the dealership if there are discrepancies. A new Sales Agreement, signed by the dealership and homeowner, will be required when changes should be made. Once the Sales Agreement calculation is verified, all parties should sign and date the document to indicate that it has been reviewed for accuracy.
 - Once the State approves the original Sales Agreement, the dealership and homeowner will be notified of the approval. The approved Sales Agreement should not be adjusted without notifying the sub-recipient grantee. If there are changes to the original Sales Agreement after approval, the dealership must resubmit all paperwork to the Sub-Recipient.
 - The dealership will provide the sub-recipient with a copy of the quote confirmation or warehouse invoice to reflect all items being ordered with the manufactured home.
 - The homeowner must pay to the dealership any DOB payments due and verification of payment must be sent to the Sub-Recipient. No payment will be reimbursed from the state until verification is received that the homeowner has paid or financed the required DOB amount.
 - Once verification of DOB is received, the sub-recipient grantee may release payment minus \$6,000.00. The sub-recipient grantee will hold \$6,000 of the purchase price until the home is set up and all required inspections have passed. The dealership will be required to invoice the sub-recipient grantee for the final payment amount.
 - The sub-recipient grantee will prepare all legal documents for the homeowner to sign.
 - The sub-recipient grantee will forward a copy of the signed Promissory Note if the dealership must add the sub-recipient grantee as a lien holder on the closing documents.

- The dealership will prepare the final closing Sales Agreement and send a copy to the sub-recipient grantee for final approval **before** the closing. This original sales agreement and final sales agreement are required to match, minus additional charges that are not systematically allowed (e.g., insurance). The balance due should reflect any amount financed by the homeowner to satisfy the duplication of benefit requirements. Any item not systematically allowed on the final sales agreement will require a separate invoice from the dealership. Once the sub-recipient grantee approves the final sales agreement, the dealership and homeowner will be notified to proceed with closing. The homeowner will be given a copy of the approved Sales Agreement prior to closing and advised not to sign any Sales Agreement that does not match the approved agreement.
- After closing, the dealership is required to send the final signed Sales Agreement to the sub-recipient grantee.
- If the homeowner chooses to purchase homeowner's insurance through the dealership, the dealership will send a copy of the homeowner's application to the sub-recipient grantee showing the sub-recipient grantee as a lien holder and the premium cost for the policy. The homeowner's insurance application must be signed by the homeowner prior to release of the insurance payment.
- Once the manufactured home is set up and final inspections completed, the dealership can submit the invoice for the final payment of the remaining balance.

II.4. Validating Taxes

Once the title is received, the sub-recipient grantee is required to obtain a copy of the title receipt from the county showing all applicable taxes paid. The sub-recipient grantee will need to validate any changes in purchase price and taxes paid and verify that any tax refund is remitted to the sub-recipient grantee and not the homeowner. If the refund is issued to the homeowner, the homeowner is required to remit those funds back to the sub-recipient grantee.

II.5. Manufactured Home Park Optional Relocation Policy

The Manufactured Home Park Optional Relocation Policy (Optional Relocation Policy) only applies to manufactured home parks where a sub-recipient grantee has acquired or intends to acquire land for damage mitigation work. When determined to meet an urgent community need under 24 CFR 570,.208(c), CDBG/CDBG-DR funds may be used for the relocation of an owner of a manufactured home legally residing at a manufactured home park that the sub-recipient grantee is purchasing for damage mitigation. Funding for the eligible relocation of existing manufactured homes and the purchase of new/used manufactured homes will be eligible costs under the CDBG-DR HRP.

II.6. Default on a Security Instrument

If the borrower defaults under the Promissory Note that was placed on a replacement manufactured home, the Sub-Recipient can repossess the manufactured home. The sub-recipient grantee is required to work with the homeowner to correct the default; however, if unable to cure the default in a timely manner, the sub-recipient may seek a court order to take possession of the home.

If a home is repossessed, the sub-recipient will sell the manufactured home at the market rate at the time of the sale. All efforts will be made to sell the property to an applicant that is below 80 percent AMI and any adjustments to the sale price can be made at the discretion of the sub-recipient grantee for an LMI applicant to qualify for a loan. All negotiations and the final decision by the sub-recipient must be approved by the State prior to the sale.

III. Reimbursement for Completed Home Repairs

HUD Notice CPD-15-07 permits reimbursement for eligible work paid for with the applicant's private funds and undertaken within the first year of the damage (completed on or before October 8, 2017). To exercise the reimbursement option, homeowners and landlords participating in the Small Rental Program must comply with all program requirements and commit to completion of the work remaining. Reimbursable costs must be reasonable and necessary as determined by the sub-recipient grantee and the work must have been permitted, or a permit must be obtainable (if applicable/required). Refer to the State's CDBG-DR Rehab Reimbursement Policy.

Similarly, an applicant who used personal funds in addition to FEMA, SBA, insurance or other sources of disaster assistance to begin home clean up and repair may be eligible for reimbursement personal funds up to \$25,000. This need is identified through the initial application completed by the applicant in addition to a damage inspection conducted by the sub-recipient grantee. The first step is to verify and quantify repairs completed through an inspection and verifiable receipts. The inspector will assess whether health or safety code violations are remaining on the structure. If the structure was built prior to January 1, 1978, a lead-based paint clearance test must be performed. If lead-based paint is detected, it must be addressed prior to reimbursing the homeowner for work completed. If it is determined that the home is in need of additional repairs, the applicant may be eligible for reimbursement of out-of-pocket expenses and additional repairs to the home.

Grantees receiving allocations under Federal Register/Vol.81, No.224/Monday, November 21, 2016 are subject to CPD Notice 2015-07, "Guidance for Charging Pre-Application Costs of Homeowners, Businesses and other Qualifying Entities to CDBG-Recovery Grants," as amended <https://www.hudexchange.info/resource/4777/notice-cpd-1507-guidance-for-charging-pre-application-costs-to-cdbg-disaster-recovery-grants/>. The March 5, 2013 Federal Register (78 FR 14329) notice provided alternative requirements for reimbursing eligible CDBG-DR costs incurred prior to receiving a CDBG-DR grant.

To exercise the reimbursement option, owners must stop making repairs to their homes while an inspection and site specific environmental review are completed; owners must comply with all program requirements; and if there are any remaining code or life-safety issues to be addressed, the owner must commit to completing the remaining work through the HRP. Reimbursable costs must be reasonable and necessary as determined by the sub-recipient grantee's inspection and cost estimates. All reimbursements will be in the form of grants to the homeowner.

III.1. Reimbursement Options

Applicants must have received a preliminary award notification and be otherwise eligible for assistance before approval for reimbursement can be given. The dwelling must have passed the required environmental review. Reimbursement options are described briefly below:

- Reimbursement Only (all work completed): Applicants who have completed all repairs or reconstruction, including elevation if required, are eligible for reimbursement upon confirmation by the HRP Program that the work has been completed and the costs for repairs are reasonable. Applicants must inform the program of any sources of funding received for the same purpose of repair or replacement to the housing structure. These other sources of funding (e.g., FEMA, SBA, insurance, etc.) will be considered a duplication of benefits (DOB) and deducted from the reimbursement amount.

Approved applicants will sign a Participant Agreement that includes the requirements to maintain damage insurance on the property located in the 100-year flood plain, to reside in the house as their primary residents for the term of the agreement, and agree to the subrogate back to the HRP program any subsequent funds received from insurance or other sources for repair or replacement.

- Reimbursement with Work Remaining to Be Completed by the HRP Inspector. Applicants with work remaining to be completed may request reimbursement for eligible completed repairs and commit to allowing the HRP program to bring the property to safe and sanitary conditions. The applicant is required to sign a Participant Agreement with the AE and a Construction Agreement with the contractor.

III.2. Reimbursement Timeline

In accordance with the HUD guidance for pre-award costs issued on September 15, 2015 (CPD 15-07), reimbursement for repairs or replacement costs paid for by private homeowner funds will only be eligible up to one year from the date of the disaster. For example, the disaster date was October 8, 2016, so only costs incurred prior to October 8, 2017, will be eligible for reimbursement.

Eligible repairs or replacement must be because of damages from Hurricane Matthew, October 8, 2016, declared disaster. However, work scheduled to be completed after the date of an application submission but performed under an enforceable contractual obligation with a builder that pre-dated the application can also be reimbursed once the home receives environmental clearance. An environmental review cannot be completed until work stops.

III.3. Eligible Items for Reimbursement

The work completed must be for items that are necessary and reasonable as determined by the HRP Rehabilitation Inspection Specialist.

The following types of repairs or expenses are eligible reimbursable items (this list may not be all inclusive):

- Plumbing, electrical systems, heating, ventilating and air conditioning systems
- Fuel systems for cooking, septic systems, water wells
- Windows, doors, roofs, interior floors

- Stoves and refrigerators, when feasible
- Emergency access repairs
- Elimination of health and safety hazards
- Structural parts of the home (e.g., foundation, outside walls, and roof)
- Entrance and exit ways from the home, including privately owned access roads
- Blocking, leveling, and anchoring of a manufactured home and reconnecting or resetting its sewer, water, electrical and fuel lines, and tanks
- Tool and equipment rental
- Force mortgage payoff requiring any insurance proceeds to be applied to the lien

III.4. Ineligible Items for Reimbursement

The following types of repairs/expenses are ineligible reimbursable items (this list may not be all inclusive):

- Personal property (e.g., vehicles, furniture, goods, clothing, etc.)
- Repairs made to nonresidential structures that are not attached to primary residence (e.g., pools, sheds, detached garages)
- Tools and equipment (may be rented, not purchased)
- Playground equipment, satellite dishes, and security systems
- Appliances and housing components that are not integral to the structure of the home, such as washers, dryers, luxury items, detached garages and carports

III.5. Funding Caps

The maximum reimbursable amount is \$25,000. The allowable amount to be considered for reimbursement is the lesser of the cost estimate provided by the inspection report (prepared by the Rehabilitation Inspector), the amount of work for which the owner can provide required documentation to support the requested reimbursement, up to HRP maximum allowed amount of \$25,000.

All reimbursement will need to be supported by receipts held by the homeowner which (1) relate the payments to specific work completed, (2) prove payment was actually made, and (3) demonstrate that the timing of the payment supports the certifications of the timing of the work.

III.6. Required Documents for Reimbursement Consideration

- An HRP completed inspection is required, confirming the work that was completed and a certified cost estimate of the completed repairs. Ineligible items identified in the inspection report must be excluded from reimbursement.
- A Homeowner Certification for Reimbursement of Pre-Application Construction Costs is required, specifying the cost of the work and date of completion, and attesting to possession of supporting receipts and other source documentation that proves amount and timing of work completed and/or payment for the work. The certification attests that

proof of payment as per 24 CFR 85.20 (6) will be held for five (5) years that reasonably matches or exceeds the HRP estimates or amount reimbursed.

- Acceptable proof of payment for work completed by a contractor or service provider must (1) relate the payment to specific work completed, (2) prove payment was made, and (3) demonstrate that the timing of the payment supports the certifications of the timing of the work. For example, an invoice that clearly identifies the contractor/service provider, lists or includes a specific scope of work that is supported by a cancelled check, credit card statement, or bank card debit record that clearly identifies the payee. Each receipt for supplies purchased should have a handwritten description initialed by the owner, briefly describing what was repaired with the materials.

III.7. Reimbursement Process When Missing Receipts

When a homeowner is not able to produce all receipts, the following process will be followed:

- The owner must show evidence of a property inspection that was conducted immediately after the damage by FEMA/SBA and/or an insurance adjuster identifying damage caused to the property by the disaster or
- If there is no evidence of an immediate property inspection, written documentation on letterhead and signed by a recognizable agency (private, state, or local government), a non-profit relief agency, or a church group describing work completed on the home immediately after the damage is acceptable documentation; or
- Supply pictures taken immediately after the storm that clearly demonstrate the level of damage to the subject property; or
- Provide sworn statements and certifications that can be verified or substantiated.

Based on the initial inspection reports or other supporting documentation supplied by the homeowner, the HRP Inspector will identify the repairs that have been completed and identify the value of the repairs that are necessary and reasonable.

IV. Home Elevation

Structure Elevation: Physically raising and/or retrofitting an existing structure in accordance with ASCE 24-14 (Base Flood Elevation [BFE] plus free board) or higher when required by FEMA or local ordinance. Elevation may be achieved through a variety of methods, including elevating on continuous foundation walls; elevation and open foundation such as piles, piers, or columns; and elevating on fill. Foundations must be designed properly to address all loads and be appropriately connected to the floor structure above, and utilities must be properly elevated as well. Sub-recipients must design all structure elevation projects in accordance with ASCE 24-14.

A home must be elevated or relocated if in a 100-year floodplain or special flood area and the repairs are considered a “Substantial Improvement.” A substantially improved building is one that will be reconstructed, rehabilitated, or otherwise improved and the improvement cost is at or below 50 percent of the pre-flood assessed value of the structure before the start of construction for repairs. The home will be replaced or reconstructed if the cost of the repairs before elevation is more than 50 percent of the pre-flood assessed value. Repaired properties will have to be raised to the BFE, meet National Flood Insurance Program (NFIP) minimum requirements, and current building code. On a case-by-case basis a cost reasonableness analysis may be necessary to determine whether it is cost effective to repair or replace.

When elevation is required, a homeowner may receive up to \$50,000 to cover the costs of elevation in addition to any assistance provided under the Rehabilitation or Reconstruction categories. Elevation activities should be completed prior to starting the repairs to a structure. All work must be permitted and inspected.

Individual Mitigation Measures (IMM) are activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. In accordance with HUD's guidance, repair and rehabilitation of housing units and the payment of damage insurance are not IMM activities. Examples of IMM activities include elevation above the base flood elevation level, and/or the addition of storm shutters, disaster-proof windows, roof straps, etc., if those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

Eligible costs for elevating homes under the elevation program will be the costs to elevate a structure and its components to one foot above the base flood elevation and to bring the structure into compliance with applicable codes, ordinances, and standards as needed. Eligible activities related to elevating homes include, but are not limited to, the following:

- Disconnection of all utilities
- Installation and removal of beams for lifting the home
- Cribbing for a raised house, while the foundation is being built
- Building the foundation so that the lowest floor is one foot above the 100-year BFE; Financial assistance will also be provided for work to bring the housing into compliance with applicable codes, ordinances, and standards as needed

- Lowering the house onto the foundation
- Seismic retrofitting of the elevated foundation including attachment of the home to the foundation
- Reconnecting utilities-extending lines and pipes if necessary; elevating all utilities and service equipment (hot water heater, furnace, outlets for electricity, etc.)
- Providing meter reader access if necessary
- Improvements must be permanently fixed

Additions to the habitable space of the structure may be eligible for assistance only in the following instances:

- Construction of a utility room above BFE where utilities cannot be stored in the house or there is no other cost-effective way to elevate the utilities. If space must be constructed, it should not be 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 the 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 compliance with code. Where ramps are used to provide access, they should be designed to meet federal standards for slope and width.

Other eligible assistance will be provided to replace, restore, or repair the structure in the following instances:

- 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 are eligible costs when associated with elevation, or if they are required for recommended seismic bolting or bracing.
- Minimum costs of exterior sheathing associated with materials damaged or removed during the elevation process only. Exterior finish must meet standards for NFIP damage resistant materials and local code.
- 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 crippling 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 include but may not be limited to:

- Structures not considered the primary residence (e.g., detached garages, sheds, 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 or luxury items, such as swimming pools or Jacuzzis.
- Secondary residences (e.g., summer homes and guest cottages not used as permanent, year-round dwellings).
- 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 an adequate heating system that meets the minimum local building code requirements.
- HVAC systems cannot be expanded or increased in size and capacity unless the owner pays for costs beyond the necessary 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 should not be eligible for assistance.
- An elevation that began or was 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 replacing a structure damaged by the hurricane will not be eligible for funding.
- Costs to elevate higher than the standard one-foot above BFE are not eligible unless part of a local government building code/ordinance and approved by the state with receipt of documentation describing the rationale. The rationale and approval are included as part of the applicant file.
- Landscaping costs are ineligible except as noted above.
- Elevations within an acquisition area designated by the state are not eligible for funding.
- Construction of decks or porches, regardless if they existed prior to the damage or elevation, except those that must be removed in order to complete 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 that are undersized, have inadequate capacity, or are unsafe are ineligible unless directly related to the action of elevating (e.g., wells, pumps).
- New furnaces are ineligible except as noted above.
- Income payments that are defined as grants to an individual or family and are used to

provide basic levels of food, shelter (e.g., payment for rent/mortgage, utilities, or clothing).

- Labor time for sweat equity may not be paid out to recipients of elevation assistance.

V. Replacement/Reconstruction

Eligible Activity: When the cost associated with the repair of the existing home is more than 50 percent of the pre-disaster county assessment or appraised value and when all other options have been exhausted.

- The maximum allowable assistance for reconstruction is up to \$125,000 for a stick built or modular home.
- The new home must be on the same lot and with the same footprint. The only exception is if the former home was in the floodplain or floodway. In those situations, the home may be removed out of the floodway or elevated; up to \$50,000 may be available on a case-by-case basis if elevated in the floodplain.
- A cost analysis must be conducted to determine cost reasonableness as well as other risk factors.

Single family replacement housing assistance is available to low-to-moderate income homeowners (incomes at or below 80 percent of the AMI) and homeowners who meet the definition of urgent need (incomes more than 80 percent of the AMI) whose primary residences were determined to have sustained damages of more than 50 percent of its pre-disaster value from the Hurricane Matthew on October 8, 2016.

Replacement funds will be used to provide comparable replacement housing. In determining comparability, applicants should comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), 42 U.S.C. 4601 et. seq., and its implementing regulations at 49 C.F.R. Part 24. Homeowners must access any other available sources, such as other public and private loans or government grants for replacement funds. If those funds are insufficient for replacement, the homeowner may receive replacement funds under the state CDBG-DR replacement program to fund the difference between the other sources and the CDBG-DR maximum allowed benefit of up to \$125,000. If the homeowner-applicant is ineligible for all other sources of funds, replacement funds may be provided to replace the home not to exceed the maximum allowed benefit. Replacement assistance may be used to replace the damaged dwelling to the standard of the home's pre-hurricane status. The above requirements also pertain to manufactured home replacements (maximum replacement cost up to \$75,000).

Assistance may also cover moving and related expenses, such as storage of personal property and interim housing (if needed) for a period not to exceed three months. The period may be increased on a case-by-case-basis.

Once the sub-grantee/contractor verifies that the homeowner-applicant is eligible, and the home will be replaced, the homeowner-applicant must execute all required CDBG-DR disclosure forms and contracts.

The NCEM will not allow the homeowner to make upgrades or improvements beyond those necessary to replace the damaged dwelling to comparable, decent, safe and sanitary standards. If the owner can show justification, the State will review improvement requests on a case-by-case basis.

Replacement housing must be conventional site built, modular construction, or new or used manufactured housing that meets HUD standards.

Funds may be used for replacement housing in the floodplain if the cost to elevate is determined to meet cost reasonableness. Furthermore, the homeowner will be required to obtain federal flood insurance and sign a statement indicating his/her understanding that he/she must have federal damage insurance in effect at the time of any future disaster to access future state disaster housing assistance. The premium for the first year of flood insurance is eligible for funding under the CDBG-DR manufactured home program. If property outside the 100-year floodplain is available, CDBG-DR replacement funding may be used to relocate the home outside the floodplain.

Homeowners with existing mortgages on destroyed properties will be required to maintain their mortgages if they rebuild on the same lot, or to transfer the mortgage if they build on a different lot. Existing liens and mortgages against the damaged dwelling will continue in full force. It will remain the responsibility of the homeowner-applicant to maintain payments with the mortgage holder during the construction of the replacement home. **The sub-grantee/contractor must verify that the mortgage is current at the time of application and at the time of closing on the new replacement home.** The sub-grantee/contractor must have the mortgage servicer complete the mortgage verification form for all mortgages (verification form will be supplied by the Division of Emergency Management). If a mortgage or lien on a manufactured home or lot rent is in default, the homeowner-applicant is not eligible for a new replacement home using CDBG-DR unless the homeowner-applicant cures the default prior to closing on the new replacement home.

To be eligible for the CDBG-DR Replacement Program, the homeowner-applicant must qualify as the “Owner-Occupant” at the time of the October 2016 hurricane, which means that the homeowner-applicant occupied the residence at the time of the hurricane in October 2016 and is the legal owner. To determine whether the homeowner-applicant is the legal owner of the home, the sub-grantee/contractor must verify ownership by first requesting that the applicant produce a deed of trust or warranty deed; or title to manufactured home; a title search will be performed on all real property that will receive CDBG-DR. If the title search reveals that the homeowner-applicant has full fee simple ownership in the damaged dwelling/land, or title (for manufactured), the NCEM or UGLG may proceed with replacement of the damaged dwelling. If there are other ownership issues, refer to the options listed in the on page 20.

CDBG-DR assistance will be in the form of a grant or loan with terms based on type and the income status of the owner as established in the N.C. CDBG-DR Action Plan. If the home is sold within the first year, the principal will be due and payable upon sale. There will be a prorated recapture period for year two through year five. The amount of the assistance will be reduced by 20 percent per year. The loan will be secured by a note and deed of trust recorded with the Register of Deeds. If the homeowner lives in the replacement home for five years, the loan will be forgiven, and the lien cancelled. The sub-grantee/contractor and the homeowner-applicant must execute a promissory note and deed of trust in the total amount of CDBG-DR assistance provided to the homeowner-applicant. The homeowner-applicant will be listed as the “Borrower”

and the sub-grantee/contractor will be listed as the “Lender” and will designate the appropriate sub-grantee/contractor person to serve as “Trustee” for the promissory note and deed of trust. Recaptured funds will be returned to the State. The sub-grantee/contractor must have procedures for canceling promissory notes and deeds of trust at the end of the five-year terms.

The sub-grantee/contractor administering the replacement housing program is expected to perform the following functions:

- Qualifying applicants as homeowners eligible for CDBG-DR assistance
- Environmental
- Deciding on comparable replacement housing
- Conducting required procurement
- Ensuring that all permits are obtained
- Inspection of construction projects
- Approving all draws
- Closing replacement housing transactions
- Canceling loan documents if applicable

Flood Insurance Assistance:

Up to \$2,000 per household for a maximum of two years for LMI homeowners located in the 100-year floodplain. Homeowners residing in the floodplain who receive CDBG-DR assistance for their homes must maintain flood insurance into perpetuity on the property. To assist LMI homeowners still struggling to get their lives back on track and lessen burdens of recovery, the State will fund the first two years of flood insurance.

VI. Temporary Rental Assistance (TRA)

The objective of the Division of Emergency Management (EM) in the administration of the Temporary Rental Assistance Program is to provide affordable, decent, safe, and sanitary housing to low and moderate-income households. The Temporary Rental Assistance Program is a short- to medium-term rental assistance program that provides assistance to eligible households who were displaced from their permanent homes as a direct result of Hurricane Matthew in October 2016.

The program is for households that:

- Are unable to occupy their residence while determining if their permanent home can be repaired or needs to be replaced.
- Need temporary housing while their permanent residence is being repaired, reconstructed, or constructed.

The **goal** of this program is to provide moving and temporary rental assistance, not to exceed twenty-four (24) months, to displaced households.

VI.1. Program Administration

The approved grantee/contractor staff are responsible for accepting applications, determining eligibility and the length of time the rental assistance will be required, calculating award amounts, and providing advisory services to applicants throughout the Temporary Rental Assistance process.

The grantee or contractor must have staff to administer the program, including the approval of temporary rental housing units and rents, conducting inspections to assure the rental property meets housing quality standards, and authorizing and making payments for eligible program costs.

VI.2. General Program Information

- Approved households are eligible to receive up to 24 months of assistance through participation in this program.
- Because households are informed that they may receive “up to” 24 months of assistance, assistance can be for shorter periods of time or cancelled at any time at the discretion the grantee/contractor.
- Households will receive at least 60 days notification of termination of benefits to prevent undue hardship.
- Eligible expenses must be verified by a vendor/third party payee and are limited to the following:
 - Rent
 - Security deposits
 - Utility deposits

- Moving expenses
- Housing assistance payments will be paid directly to the landlord on the first of every month.
- Moving expenses will be paid directly to the household.
- Security deposits may be paid up to a maximum of two months of rent for the unit.
- Utility deposits may be made in conjunction with temporary rental assistance. Utilities include those required for water/sewer, cooking, heating, lighting, and trash collection. Telephone, Internet, and cable/satellite TV are not considered utilities for this purpose.
- Each application should be given careful, individual consideration, but the grantee/contractor is encouraged not guarantee assistance to anyone.
- All awards are made, according to this policy, at the sole discretion of the grantee/contractor.
- Should grantee/contractor staff learn at any time that an applicant and/or a prospective landlord has behaved in a dishonest or fraudulent way during the application process in order to receive assistance or rental/deposit payments, assistance will be denied, and funds will be required to be repaid to the State.
- CDBG-DR funds paid that result in a duplication of benefits already received or received after this assistance is provided will be required to be repaid to the State.

VI.2.1. Maximum Award:

The maximum per-household dollar amount includes funds used for actual rent payments and security deposit payments, utility deposit payments, and moving expenses up to \$10,000 per household.

The household's share of housing costs is calculated by formula. The household will pay 30 percent of its monthly adjusted income for total housing costs. Temporary Rental Assistance is available to eligible renter and homeowner households.

Homeowner households will have the amount of their mortgage payments factored into their monthly housing costs. Manufactured home occupants who continue to have their lot payments while in temporary rental housing will also have the amount of their manufactured home lot rent factored into their monthly housing costs. If the total housing costs surpass 30 percent of the household's adjusted gross income, the grantee/contractor will pay the household the difference.

Example

Item	Cost
Gross monthly income	\$2000
30% of gross monthly income	\$667
Monthly mortgage payment	\$500
Total tenant payment for housing costs	$\$667 - \$500 = \$167$
Assistance Calculation	
Monthly Rent	\$1000
Minus Tenant payment	\$167
Amount of Rental Assistance	\$833

VI.3. Household Eligibility Criteria

VI.3.1. Priorities

Homeowners residing in the State of North Carolina during the October 8, 2016 declared disaster whose primary residence received direct storm damage and was determined by FEMA, a local government building inspector, or another approved third party to be uninhabitable or unsafe will be eligible for the Program, with priority given to households that:

- Resided in mobile or manufactured housing at the time of the damage.
- Are elderly.
- Are disabled.

VI.3.2. Income Eligibility

Total household income must be less than 80 percent of Area Median Income (AMI). Total household income will be calculated using the HUD CPD 1040 Income Calculation Method. For more information on income calculation, see the North Carolina CDBG-DR Housing Recovery Program 1040 Income Policy and Procedure. If the rent assistance will be provided beyond 12 months, the household will be income certified for the second year of assistance one month prior to the one-year anniversary of initial occupancy to assure income eligibility for continued program eligibility. If the household is determined to be over income, the grantee/contactors will give a 30-day notice of termination of TRA award benefits.

VI.3.3. Lawful Presence Requirements

All members of the household must be a citizen or be lawfully present in the United States. Before any assistance can be provided, a Declaration of Residency form should be completed by or for each household member; parent or guardian will complete and sign for each household member 17 years or younger. Power of attorney will be required when an adult member is unable to execute required forms. The applicant should submit a photocopy of acceptable residency documentation, including, but not limited to the following:

- I. Requires only one of the following for each household member (all ages):
 - US Birth Certificate or US Passport, or US Citizen Identification Card (I-197) or
 - Certificate of Naturalization (N-550 or N-570) or Certificate of Citizenship (N-560 or N-561)
- II. If none of the above documents can be provided, household members 18 years and older must submit a photocopy of both the items listed below. Household members 17 years and younger need only a social security card.
 - Copy of driver's license or state-issued photo ID for all household members 18 years and older; plus
 - Social security card: For household members 18 years or older and 17 years and younger.

VI.3.4. Duplication of Benefits (DOB)

The State of North Carolina TRA Program will comply with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) as amended, (Stafford Act). This

act prohibits any “person, business concern or other entity from receiving Federal assistance to the extent such assistance duplicates benefits available to the person for the same purpose from Any funds a household received or were made available to them for temporary rental assistance (this includes but is not limited to private insurance, FEMA, and SBA), must be accounted for when determining the housing assistance award amount. If the household spent funds intended for temporary rental assistance on anything other than temporary rental assistance, the homeowner will have a duplication of benefits (DOB) and will be required to escrow the money prior to signing the lease”.

DOB under federal law must be deducted from the assistance to be provided unless receipts can be shown that funds were used for temporary rent and that all funds have been expended for this purpose.

If the applicant applied for and was offered an SBA loan but declined all or part of the loan, the amount of the loan for rental assistance, if declined, may be considered a duplication of benefits. The applicant must document the reason they declined the loan on the grantee/contractor SBA Hardship Documentation form. The UGLG/contractor, on a case-by-case basis, will decide whether the household qualifies for a hardship determination.

VI.3.5. Demonstrable Hardship.

Demonstrable hardship is defined using its two component words:

- Demonstrable – proved or shown, by objective evidence (not subjective feelings).
- Hardship – an economic impact that is burdensome or very difficult to bear, causing economic distress well beyond mere inconvenience.

A demonstrable hardship is a substantial change in an applicant’s financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the necessities of life, including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the 2016 damage event. The term is not necessarily a definable term of fixed and inflexible content or meaning.

The demonstrable hardship must be of a severe, involuntary, and unexpected nature. It must not be one that is generally shared by other property owners affected by the 2016 damage event or within the disaster area. Examples of a demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship, nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case.

The existence of a demonstrable hardship will be evaluated on a case-by-case basis after review of all the circumstances. Whether or not there is a demonstrable hardship heavily depends on the facts and circumstances.

Persons claiming a Demonstrable Hardship will be required to provide evidence of the claimed Demonstrable Hardship to the grantee/contractor for a decision. A written decision will be made, including approval or denial, and returned to the person claiming the Demonstrable Hardship.

The grantee/contractor is required to monitor compliance with the agreement during the time the household is receiving TRA assistance by contacting the various agencies as noted above/and or listed in the original DOB calculation.

VI.3.6. Requirement to Notify TRA Program of Additional Assistance Received by Tenant

Any additional assistance received for the purpose of temporary rental assistance while the tenant is receiving CDBG-DR rental assistance must be subrogated to the grantee/contractor and returned to the State. It is the responsibility of the tenant to report any such assistance to the TRA program at the time of receiving the additional funds. If the tenant is still receiving TRA assistance at the one-year anniversary of assistance award, the tenant will be required to sign an Affidavit of No Additional Rental Assistance.

Upon notification of additional assistance, the grantee/contractor TRA staff will recalculate continued assistance and/or possible repayment of CDBG-DR assistance. For example, the tenant has been approved for 12 months of rental assistance at \$500 per month for a total of \$6,000 during the eligibility period. After the tenant receives assistance, the tenant receives \$2,000 from a local charity for rental assistance. If the additional assistance is received after the 12-month TRA assistance expires and the tenant is still displaced, the additional assistance will not be counted against the previous rental assistance. If the additional \$2,000 assistance is received after the 12-month TRA assistance expires and the tenant is no longer displaced, then the \$2,000 must be returned to the grantee/contractor to be refunded to the State as this is considered a DOB.

VI.4. Eligible Temporary Housing Units

The applicant is limited to choosing units that do not exceed the Housing Payment Standards, which are based on 90-110% of the Fair Market Rents developed by the Department of Housing and Urban Development. The grant/contractor will determine that the rent is reasonable in comparison to the rent charged for comparable, unassisted units in the area. The gross rent (contract rent plus utility allowance) cannot exceed the payment standard for the appropriate unit size.

Households do not have the choice of paying an amount higher than is required by the formula in order to rent a more expensive unit.

Households who receive assistance may choose from any housing unit as long as that unit is:

- Located in a declared target area, or other requirements that are disclosed and approved in the grantee's grant agreement.
- Meets Section 8 Housing Quality Standards (HQS) including lead-based paint standards and local housing codes.
- Rented for an amount that does not exceed 110% of the Fair Market Rent as determined by HUD for the county in which the housing unit is located.
- Privately or publicly owned but does not receive project-based rental subsidies.

Fair Market Rent Limits for County (Examples)

Final FY 2016 FMRs By Unit Bedrooms					
	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
FMR	\$820	\$952	\$1,178	\$1,736	\$2,062
110% FMR	\$902	\$1,047	\$1,296	\$1,910	\$2,268

The table below contains the Fair Market Rents starting January 1, 2015.

Final FY 2015 FMRs By Unit Bedrooms					
	<u>Efficiency</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
FMR	\$857	\$996	\$1,232	\$1,815	\$2,157
110% FMR	\$942	\$1,096	\$1,997	\$2,197	\$2,373

The FMRs for unit sizes larger than four bedrooms are calculated by adding 15 percent to the four-bedroom FMR, for each extra bedroom. For example, the FMR for a five-bedroom unit is 1.15 times the four-bedroom FMR, and the FMR for a six-bedroom unit is 1.30 times the four-bedroom FMR. FMRs for single-room occupancy units are 0.75 times the zero-bedroom (efficiency) FMR.

If the unit is located outside the applicant's original county jurisdiction, the FMR for the county where the unit will be located will be used if different from the county rent limits where the applicant originally lived.

VI.5. Occupancy Standards:

- Two persons of the same sex can occupy a bedroom.
- Adults of the opposite sex, other than spouses, may not be required to share a room.
- Children of the opposite sex (if above the age of six) may not be required to share a bedroom.

The occupancy standards will be used to determine the size of the unit for which the household qualifies. A participant may select a larger unit, but the Fair Market Rent for the minimum sized unit for which the household qualifies is the maximum that will be paid. Participants may select a smaller unit if it does not violate local codes or pose a serious overcrowding problem.

The household will be unable to select a unit in excess of the FMR unless the grantee/contractor determines the unit to be rent reasonable based on comparable units in the area. If the unit is approved, the household then would be responsible for the additional rent above the FMR.

VI.5.1. Application Procedures

Income is used to classify households as either low to moderate-income (LMI) households or non-LMI households based upon income limits published by HUD. Eligible households must have incomes below 80 percent of the AMI.

Initial Contact: All inquiries about the Temporary Rental Assistance will be handled by the awarded grantee/contractor. An information packet can be mailed to interested persons by the contractor/grantee. This information packet consists of:

Application

- a) Program Information Forms and Brochure
- b) Documentation Requirement Form. Income will be verified according to prescribed Section 8 Income Certification processes
- c) Lead-Based Paint Information
- d) Duplication of Benefits Statement

After six months, all required documentation must be resubmitted for re-verification unless the applicant has signed a lease with an approved landlord.

Processing and Approval: The application will be reviewed, and eligibility will be determined by grantee/contractor staff. Applicants must disclose all sources of income and financial assets for household members 18 years and older. The applicant must provide acceptable documentation to the grantee/contractor. All household members must be able to provide proof of legal residency with documentation acceptable to HUD.

Qualified applicants will be sent:

- An introduction letter informing them of their preliminary approval for program assistance;
- The name and contact information for their case manager;
- An explanation of funding sources and restrictions; and
- A description of next steps.

Letters will be sent to those whose applications are denied with an explanation of their rejection and information for the appeals process.

Completed applications of income-eligible households will be prioritized on a monthly basis. Those households who were living in mobile/manufactured housing at the time of the damage, are elderly, and/or are disabled will be prioritized over other qualified households. Qualified households who are not in one of the three priority categories will have their application considered once priority applications have been considered, and depending on available funding.

VI.6. Appeals

All appeal requests related to the Temporary Rental Assurances Program will be processed and reviewed by the grantee/contractor. Within 30 days of notice of program ineligibility an applicant may appeal the determination. Applicants who believe that a program decision is incorrect and/or not in compliance with program policies may submit a written appeal. Each appeal will be reviewed against program policies and requirements and applicable local, state, and federal law. Upon completion of the review of the appeal and, if applicable, hearing the applicant's presentation of their appeal, the hearing officer will make a decision and respond to the applicant within 30 days of receiving the complaint.

The applicants may appeal the following decisions:

- Eligibility determination
- Total tenant payment calculation
- Denial of a rental property
- Termination of benefits

The grantee/contractor appeal policy is provided to all applicants. The appeals process must be approved by the State.

VI.7. Household Rent Contributions:

The household's share of housing costs is calculated by formula. The household will pay 30 percent of its monthly adjusted income for total housing costs. Temporary Rental Assistance is available to eligible renter and homeowner households.

Homeowner households will have the amount of their mortgage payments factored into their monthly housing costs. Manufactured home occupants who continue to have their lot payments while in temporary rental housing will also have the amount of their manufactured home lot rent factored into their monthly housing costs. If the total housing costs surpass 30 percent of the household's adjusted gross income, the grantee/contractor will pay the household the difference. See the calculation example in the Maximum Award Section found earlier in this Policy and Procedures document.

The Temporary Rental Assistance Program will apply a utility allowance for tenant-paid utilities. The utility allowance will estimate the average cost of utilities for typical types of housing by unit size and for various utilities. The utility allowance will be added to the contract rent to establish the total housing cost. Utilities included in the schedule are those required for water/sewer, cooking, heating, lighting, and trash collection. Telephone, Internet and cable/satellite TV are not considered utilities for this purpose. The total gross housing costs (including rent and allowable utility costs) cannot exceed 110% of the Fair Market rent for the unit size and county in which the unit is located.

VI.7.1. Annual Re-examinations for Continued Eligibility

Eligibility for continued participation will be determined once each year by the anniversary date of the initial occupancy. To be eligible for continued participation, the household must meet the same criteria established for initial acceptance into the Temporary Rental Assistance Program. Households that are ineligible for any reason will be notified in writing of such ineligibility and will be given a 60-day notice of award termination.

Once the rental subsidy is established, the subsidy will remain in effect until the next scheduled reexamination or until circumstances occur that would warrant a rental adjustment. The participant will be required to report changes in family composition and gross income within 30 days of the change, which may affect the Total Tenant Payment (TTP). If a household's income has increased above the 80 percent AMI level at recertification, the Temporary Rental Assistance will be terminated, with a 60-day notice of award termination.

VI.7.2. Approving Temporary Housing Units and Rents

The grantee/contractor staff will schedule initial inspections with landlords upon receiving the Rental Assistance Program Request for Unit Approval form from the program participant. Landlords will be told of the inspection findings in writing. If the landlord is not willing to make the unit ready for move-in, the participant will need to find another unit that meets the HQS requirements. Once a unit meets HQS, the landlord must provide a copy of the proposed lease to grantee/contractor staff, who will review the lease and approve it before it is signed. Units identified by the program participant must be acceptable under the following guidelines:

- Rent Reasonableness: Agency will ensure that the rent does not exceed 110% of the Fair Market Rent for the county in which the housing unit is located.
- Housing Conditions: HQS will be applied to all units assisted with Temporary Rental Assistance funds.
- Size Requirement: The HUD Occupancy Standards will be used to determine the unit size for each household.
- Lease Approval: The lease must comply with the requirements in 24 CFR 92.253 (Tenant and Participant Protection).

§ 92.253 Tenant and participant protections.

(a) Lease. The lease between a tenant and an owner of rental housing assisted with Rental Assistance Program funds must be for not less than one year, unless by mutual agreement between the tenant and the owner.

(b) Prohibited lease terms. The lease may not contain any of the following provisions:

(1) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;

(2) Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;

(3) *Excusing owner from responsibility.* Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(4) *Waiver of notice.* Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;

(5) *Waiver of legal proceedings.* Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(6) *Waiver of a jury trial.* Agreement by the tenant to waive any right to a trial by jury;

(7) *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

(8) *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

(c) *Termination of tenancy.* An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with Temporary Rental Assistance Program funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

Once grantee/contractor staff has verified the unit is acceptable and the lease has been approved, a lease addendum will be executed.

VI.8. Moving to a Different Temporary Housing Unit:

A participating household may choose to move to a different unit within the approved length of rental assistance or the 24-month maximum period (whichever is the lesser period). The participant will be required to follow their current lease provisions when terminating their lease. If the participant violates the provisions of the lease, continued rental assistance will not be approved.

If a household is evicted from their temporary housing unit for cause, the grantee/contractor will terminate assistance and the household will not be eligible for continued assistance in another unit.

VI.9. Lease Enforcement and Termination of Tenancy:

The grantee/contractor is not a party to the tenant/landlord lease and will not be obligated to enforce or intervene in a tenant/landlord dispute. If the household is legally evicted for cause, the grantee/contractor will terminate assistance to the participant and no further assistance for a replacement unit will be approved.

VI.10. Termination of Assistance

Assistance will be terminated:

- When the participant no longer needs temporary rental housing assistance because they re-occupy their repaired, constructed, or reconstructed home.
- When the agreement for rental assistance expires.
- If the unit fails to meet HQS and is not corrected within the required time. Health and safety concerns will be required to be repaired within 24 hours.
- If the household has committed fraud.
- If there is a duplication of benefits that exceeds the amount of eligible assistance.
- If the household fails to meet the terms of the lease and the landlord evicts for cause.
- If the participant fails to recertify as required under the program. If the participant moves from the unit in violation of the lease.

VI.11. Security Deposit

A one-time security deposit assistance may be provided to the household. Approval will be based on the household needs as determined by the grantee/contractor. Participants requesting security deposit assistance will be required to attend a one-on-one budget counseling meeting to determine need. The amount of security deposit assistance will not exceed two (2) times the monthly contract rent and will be paid directly to the landlord.

Security Deposits are provided to property owners/managers for the benefit of the participant. Upon termination of residency, the security deposit will be returned to the participant, after adjusting for damage charges.

VI.12. Compliance with Appropriate Laws and Regulations

The State is committed to helping applicants with temporary rental assistance. The State's Temporary Rental Assistance Program will be operated in strict compliance with the appropriate laws and regulations governing state and federal funds. These policies are intended to ensure that the program will be compliant and in accordance with state and federal fraud prevention requirements.

VI.13. Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he or she has received financial assistance under any other program or from insurance or any other source.

VI.14. Record Retention

Each Temporary Rental Assistance grantee/contractor will maintain all records related to products, transactions, or services under this program for a period of five (5) years after the State grant is closed by HUD pursuant to 24 CFR 570.490(d).

VI.15. English Proficiency

It is the State's policy that applicants who do not have sufficient English language proficiency to represent themselves through the Temporary Rental Assistance Program process will be provided support to allow their participation in the program.

VI.16. Elderly and/or Special Needs

The Temporary Rental Assistance policies and procedures are designed to ensure that eligible elderly persons and persons with special needs can successfully participate in the program.

VI.17. Lead-Based Paint

The Temporary Rental Assistance Program will comply with federal and state requirements related to the prevention of lead-based paint poisoning and hazard mitigation and abatement.

VI.18. Environmental

The National Environmental Policy Act (NEPA) requires federal agencies to integrate environmental values into their decision-making processes by considering the environmental impacts of their proposed actions and reasonable alternatives to those actions. To fully consider the environmental consequences of a proposed action, EM will require each grantee/contractor to conduct an environmental review. Temporary rental assistance is a categorically excluded activity not subject to 24 CFR 58.5. The environmental review will be conducted per 24 CFR 58.35(b). Each environmental review must also determine compliance with 24 CFR 58.6 to determine compliance with the National Flood Insurance Program (NFIP), Coastal Barrier Resource Act, and Runway Clear Zone.

A site-specific environmental review will be conducted once an applicant's final eligibility for the program has been determined and he/she has identified a property to rent.

VI.19. Conflict of Interest

No member of a grantee advisory board, nor any employee or contractor who exercises responsibilities with respect to the Temporary Rental Assistance Program or who participates in its decision-making processes will obtain a personal or financial interest or benefit from this program, or have any interest in any contract, subcontract, or agreement or the proceeds thereunder, either for themselves or for those with whom they have family or business ties, during their employment or for one year thereafter.

- Fraud Prevention: EM will put in place internal fraud prevention methods to protect the grant funds from improper payments, intentional or unintentional. Below are some of the approaches that will be taken to address them:

- Cooperation with federal and state monitors and HUD Office of Inspector General: All sub-grantees and contractors will cooperate with state and federal monitors and inspectors, allowing access to program-related materials and providing support when requested.
- Referral of Suspected Fraud: It is the affirmative responsibility of any sub-grantee employee or contractor who has reasonable suspicion that any form of fraud is occurring to notify the appropriate state or federal agency or department. Notification of suspected fraud can be made to the Department of Commerce and the Division of Emergency Management or the Office of the State Auditor. Referrals should be based on a reasonable belief that fraud has been committed.
- Draw process: The CDBG-DR appointed state staff will review and approve all draw requests submitted by a grantee under the Temporary Rental Assistance Program. Requests for payments will be accompanied by all required back up documents and kept in the appropriate applicant's file.

VI.20. Nondiscrimination Compliance

The grantee/contractor will administer the Temporary Rental Assistance Program in a manner that will ensure consistent and fair treatment to all persons interested in program participation. The grantee/contractor will not discriminate at any stage of the application/participation process due to race, color, national origin, religion, creed, sex, age, familial status, or disability. The grantee/contractor is bound by the nondiscrimination requirements of federal, state, and local laws and will abide by the nondiscrimination requirements of:

- A. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, or national origin in programs receiving federal financial assistance;
- B. Title VII of the Civil Rights Act of 1968, which prohibits discrimination based on race, color, religion, national origin or sex in the sale, rental or advertising of housing;
- C. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination based on handicap in programs receiving federal financial assistance;
- D. The Age Discrimination Act of 1975, which prohibits discrimination based on age in programs receiving federal assistance; and
- E. Executive Order 11063, which requires HUD to take whatever action is necessary to prohibit discrimination based on race, color, national origin, religion (creed), or sex in housing receiving federal assistance.

VII. CDBG-DR Buyout and Acquisition Programs

These program guidelines are intended to provide a structure and process for North Carolina's CDBG-DR Buyout; Acquisition; Enhanced Buyout; Homeowner Assistance and Hazard Mitigation/CDBG-DR match. The program will be implemented in accordance to all HUD requirements, including but not limited to, buyout requirements as outlined in Federal Registers/ Vol 80, No. 222/Wednesday, November 18, 2015 and Vol.81, No. 224/Monday, November 21, 2016. In addition, properties that are currently renter occupied or were at the time of the disaster must be considered for their eligibility as a displaced renter. The renter status triggers the Uniform Relocation Act (URA).

The purpose of CDBG-DR funding is to help meet the unmet needs left in the wake of the October 8, 2016 disaster that were not met through FEMA, private insurance, Small Business Administration (SBA) loans, or other funding sources. In North Carolina, there is an unmet need that exists to acquire properties to remove development from hazardous locations and to assist property owners who did not qualify for FEMA's buyout program or cannot be served by FEMA's Hazard Mitigation Grant Program due to inadequate funding.

North Carolina will use CDBG-DR funding to purchase properties damaged by the October 8, 2016 declared disaster that either do not qualify for FEMA's buyout program or are not funded by that program due to limited funding. This program will mirror HMGP to the greatest extent possible for the sake of consistency and fairness. Property owners who owned their property at the time of the event will be offered the pre-disaster market value of the property (for buyouts) or current fair market value (for acquisitions) determined by independent licensed appraisers as noted below.

The buyout and acquisition are voluntary programs. North Carolina cannot compel a property owner to participate nor will the state purchase property through eminent domain proceedings. It is important to remember the program is voluntary for the seller as well as the buyer. North Carolina may not be interested in purchasing property using these funds – for reasons of long-term management, historic preservation concerns, low risk, or sensible resource allocation, even if a homeowner is willing to sell.

Funding may be used to purchase properties or match federal projects impacted by Hurricane Matthew on October 8, 2016. This funding is necessary because there are properties that were impacted—many destroyed—that do not qualify for FEMA's Hazard Mitigation Grant Program (HMGP). Many of these properties did not meet the benefit cost analysis required by FEMA (typically because the structures did not meet Pre-Calculated Benefits) or were not in a FEMA-regulatory floodplain (and thus did not qualify for one of two waivers FEMA allows from the benefit cost analysis requirement). Additionally, FEMA HMGP is substantially over subscribed with over 2,200 applications submitted and only 800 homes that will be acquired, elevated, or reconstructed through the FEMA HMGP.

VII.1. National Objective

CDBG-DR funds from the U.S. Department of Housing and Urban Development (HUD) must meet one of three national objectives. The national objective achieved through North Carolina's Buyout and Acquisition Program will be either addressing Low- to Moderate-Income (LMI) households, Urgent Need of property owners, or Slum and Blight (removing damaged/deteriorated homes and structures that pose a threat to health and safety).

LMI includes applicants with a household income at or below 80 percent area median income, and will be determined on a household rather than area basis. North Carolina will verify income of property owners by collecting federal tax information (IRS 1040) to demonstrate whether they qualify as an LMI household. To demonstrate that LMI households meet the LMI national objective, state or UGLG will document that LMI households are re-housed following the buyout, as verified either by inspection of the residences or by affidavit from the property owners regarding their new residence. The process for awarding buyout and acquisition sub-programs requires that all applicants complete a CDBG-DR application as well as provided or execute all program eligibility, negotiation, and relocation documents as required by the program. Relocation documents can be found at www.hud.exchange.com, *Tenant Assistance, Relocation and Real Property Acquisition Handbook 1378*.

North Carolina will also collect a copy of the property owner's most recent 1040 IRS form to verify household income. IRS information will be verified according to the CPD 1040 Income Method verification requirements.

Urgent Need is defined in the North Carolina Action Plan for Disaster Recovery as, "meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs." There is a public need that exists to prevent redevelopment in hazardous locations. Homes in hazardous locations are a threat to homeowners, emergency responders, and everyone who lives downstream or downhill from that home. There is also a need to help homeowners recover financially to move to a safer location. All households in the North Carolina Buyout and Acquisition Program that are not LMI will be counted as Urgent Need.

Because buyout/acquisition of property is a risk reduction program, household income will not be a determinant for eligibility for the program. North Carolina will, however, collect demographic and income data from property owners to demonstrate that the CDBG-DR requirement to serve a majority of low-to-moderate income (LMI) families has been satisfied across all CDBG-DR activities. The national objective for property owners whose income is more than 80 percent of the AMI is Urgent Need.

Once the property is purchased, the improvements will be removed, the land will be returned to its natural state, and it will remain in public ownership unless an alternative public use is identified that could be accommodated in a safe manner for future users of the site. Such alternative uses could include recreational areas, community gathering spaces, or public infrastructure.

VII.2. Eligibility for Buyout Program

North Carolina property owners impacted by Hurricane Matthew on October 8, 2016, and located in one of the declared counties are eligible to apply to the CDBG-DR Buyout Programs. Prioritization will be given to properties with habitable structures that were substantially damaged. Additional prioritization criteria have been established—see below.

If the habitable structure was located within the FEMA-identified floodplain and was severely devastated as acknowledged by the NCEM, interested property owners were directed to apply first for the FEMA Hazard Mitigation Grant Program for buyout. If there are insufficient funds to purchase all FEMA-eligible properties and if North Carolina determines significant hazards prevent safe redevelopment of parcels, FEMA-eligible properties will receive priority in the CDBG-DR Buyout Programs. In addition, NCEM will adopt the FEMA environmental clearance when applicable.

Additionally, CDBG-DR may be used to pay to enhance hazard mitigation projects where those enhancements cannot be funded through HMGP. Eligible activities, such as those listed below, must be part of the overall recovery and be incorporated into rebuilding activities:

- Buyout or acquisition and demolition (stick-built homes and manufactured homes)
- Property elevation
- Minor localized damage reduction projects (e.g., detention ponds, increased channel capacity)
- Infrastructure improvements or replacement
- CDBG-DR Match HMGP (note the use of these funds is currently under review by NCEM)

Eligibility Requirements for Buyout Properties that were damaged by the disaster on October 8, 2016:

- Acquisition of property located in a floodway or floodplain that is intended to reduce risk from future storms (FIRM OR locally regulated¹); OR
- Disaster Risk Reduction Areas (DRRA) located outside of floodways and floodplains for the purpose of reducing risks from the hazard that was the basis of the DRRA designation. These areas must be designated in accordance with the buyout requirements of the applicable Federal Registers noted above.

VII.3. Eligibility Requirements for Acquisition:

- Property is located in the floodplain OR in a Disaster Risk Reduction Area AND the property is a vacation home; OR
- Property is in the floodplain OR in a Disaster Risk Reduction Area AND North Carolina or the UGLG intends to retain existing structures or redevelop the property

¹ North Carolina adopted the ability to utilize “best available data” in all development review applications if that data is more specific or more restrictive than the FEMA-adopted floodplain regulations (see 4-601 A.12; 4-806 A.4; 4-806 A.6; and 19-300 C.7 of the North Carolina Land Use Code).

Eligible property types for North Carolina's CDBG-DR Buyout and Acquisition program are:

- Single and multi-family residences (both owner occupied and rentals);
- Vacant lots^[2];
- Commercial properties; and
- Property owned by non-profit organizations.

Properties located within a floodway or a floodplain may be purchased as a buyout activity intended to reduce risk of future damage and hazard impacts to homeowners. Once the property is purchased through the Buyout program, the property must be cleared of all structures and placed into open space for perpetuity. Buyouts will be conducted at 100 percent of pre-storm appraised value, plus associated project costs, minus any duplication of benefits already received. Acquisitions properties will be offered the current fair market value of the property and, according to federal rules, there will be no duplication of benefits to factor.

VII.4. Eligibility of Buyouts Outside the Floodplain

Areas susceptible to flood, landslide, rock falls, wildfire, or other documented hazards are considered Disaster Risk Reduction Areas (DRRAs). Due to locations in known hazardous areas, properties in DRRAs should not be rehabilitated, re-inhabited or redeveloped for the safety of residents, visitors, and the surrounding community. NCEM acknowledges and can document that there was significant housing that was decimated outside of the 100-year floodplain.

Properties in the DRRAs may be purchased at pre-damage value, per clarifying guidance provided by HUD ([80 FR 72102](#)) in November of 2015 which allows communities the option to pursue voluntary buyouts of real property through CDBG-DR funds for the purposes of hazard mitigation in areas defined as DRRAs. Identifiable hazards could include presence or potential for flood, mudslides, rock fall, subsidence, or another geologic hazard. Designation of a DRRA must meet the following criteria: 1) The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; 2) the hazard must be a predictable environmental threat to the safety and well-being of property owners, as evidenced by the best available data and science; and 3) the DRRA(s) must be clearly identified so that HUD and the public may easily determine which properties are located within the DRRA(s).

Properties in Disaster Risk Reduction Areas will be identified as such by a certified geologist, engineer or local permitting office, supported with multiple sources of documentation that provides a clear preponderance of evidence that the property meets the definition and specific criteria for high geologic hazard risk. The State of North Carolina has developed a DRRA certification form. All grantees must complete the DRRA form to certify the eligibility of the property. Grantees must also retain in files the documentation for each property that they determine meets DRRA criteria. Documentation accompanying the analysis could include, but is not limited to, the following:

²The inclusion of vacant lots, including those that never had a structure, may prove essential to meeting the objectives of the Buyout and Acquisition Program by preventing further development in an area prone to damage, flooding, rock slides, landslides, or other hazards.

- **ATC-20 forms** – ATC-20 is a standard form created by the Applied Technology Council for use in disaster response. The standardized form allows building inspectors from other jurisdictions to participate in large-scale disasters without needing to learn jurisdiction-specific software programs or forms. The form enables the assessment team to quickly evaluate a structure immediately following the disaster.
- **Placard status** – As part of the rapid assessment process, North Carolina building inspectors physically posted Red (Unsafe), Orange (Damaged), or Yellow (Affected) placards on structures following the disaster. This was followed up with a detailed letter explaining options to property owners.
- **Photo documentation** – North Carolina has geo-tagged photos linked to the GIS system that provides access to photos taken by North Carolina staff during the rapid assessment process. Staff can also obtain before and after photos from property owners, if not already on file. This information documents the condition of many of the worst-hit areas before property owners and public entities began rehabilitating the sites. Was
- **Maps/GIS layers** – North Carolina has mapping that shows existing regulatory floodplains, interim floodplains (North Carolina Water Conservation Board, or CWCB), debris flows (provided by the North Carolina Geological Survey), changes in surface elevations (post-disaster LiDAR), areas of inundation, and more. Indicators of hazard could include steep slopes, unstable soils, or other identified factors.
- **SDE letter** – Substantial Damage Estimates (SDEs) were conducted on most of the properties on the buyouts and acquisitions list. SDEs are completed through a FEMA/floodplain-specific tool. It documents the extent of damage to a structure using FEMA's SDE program. Each SDE letter was signed by the North Carolina Chief Building Official and the North Carolina Floodplain Administrator.
- **Hazard Mitigation Review** – Hazard Mitigation Review (HMR) was created following the disaster to assess risk and mitigate those risks for property owners seeking to rebuild. Not many buyout property owners signed up for this service because many of them had no intention of rebuilding their homes; the risk was made evident to them already and buyout is their best or only option. However, North Carolina does have HMR determinations for some properties.
- **High Hazard Homes** – Some destroyed homes have been removed already using FEMA or the US Department of Agriculture's Natural Resources Conservation Service (NRCS) Emergency Watershed Protection (EWP) funding, as the structural debris posed additional hazards to the community if left in place. Emergency Management will have access to the findings that justifies the removal of those structures using federal dollars.
- **Urban Search and Rescue (USAR) data** – USAR provided data to North Carolina to assist in the rapid assessment in the immediate aftermath of the disaster.
- **Geological Analysis** – The property can be identified in a high-risk area as **determined through geologic hazard mapping** developed by the North Carolina Geological Survey, or a **report from a certified professional geologist** that documents high geologic hazard risk to the property.

VII.5. Prioritization

North Carolina will use the same prioritization matrix for CDBG-DR properties that was used for HMGP properties.

Under HMGP for Hurricane Matthew, priorities were:

- Residents displaced into the FEMA Transitional Sheltering Assistance program (hotels);
- Residents displaced into FEMA Direct Housing program;
- Residents displaced into non-FEMA arrangements (e.g., friends and family);
- Structures deemed to be substantially damaged by a local floodplain administrator;
- A unique need as identified by a local official, such as an emergency management coordinator or floodplain administrator;
- A proxy for substantial damage as a final safety net (FEMA Structural Loss divided by Building Replacement Value).

A structure was prioritized for HMGP if any of these six criteria were met.

VII.6. Maximum Award

The maximum award to an individual property owner is the pre-disaster fair market value of the property up to \$276,000. This will be determined by taking two appraisals and providing the amount of the highest if the two appraisals are less than 15 percent of each other (see appraisal reconciliation below). As part of the process, the State or UGLG will procure licensed appraisers in compliance with 2 CFR200 for professional services to conduct appraisals of each property where a buyout or an acquisition has been requested.

Acquisition for Redevelopment: Up to \$80,000. While the State at this time does not anticipate that it will need to acquire properties for redevelopment as a result of the buyout program, the State understands that local and county governments may find it desirable or necessary to acquire property for redevelopment to both assist homeowners and ensure community recovery goals and objectives are realized. Homes will be purchased through the process identified in the buyout program at the post-disaster FMV based on appraisals. While the buyout program leaves the property in perpetual green space, this activity allows purchased properties to be redeveloped and made more resilient before being put back into the market for additional affordable housing.

Major steps in the Buyout and Acquisition Program include:

- Application – Property owners must complete the North Carolina CDBG-DR Housing Recovery application. The application process will include a Duplication of Benefits review.
- National Objective: The income review and verification process will be handled by Case Managers working with the State, UGLG, and other designated sub-contractors.
- Prioritization – State, UGLG, or contractor will calculate the prioritization score for each specific property, utilizing the prioritization criteria defined above. The purpose of the prioritization process is to purchase those properties most damaged, threatened, or hazardous.
- Verification of the status of renter(s) currently occupying damaged properties and/or at the time of the disaster.
- Providing relocation services for renters.
- Duplication of Benefits determination.
- Environmental and historic assessment; the program may adopt a FEMA environmental assessment if applicable.

- Appraisals (see Appraisal Reconciliation below).
- Offer – For buyouts, acquisition, and DRRRA buyouts, North Carolina will follow the same procedure as HMGP to determine the pre-event market value of the property. For acquisition, the offer will be based on current fair market value plus any additional incentive if eligible, minus the duplication of benefits.
- Appraisal reconciliation and revised offer (if necessary) – See Appraisal Reconciliation section below for more detail.
- Title work
- Environmental assessment
- Purchase of the property
- Demolition and clearance
- Property restoration and re-vegetation
- Closing

VII.7. Appraisal Reconciliation

To be as consistent as possible when administering the HMGP and CDBG-DR Buyout Programs, the North Carolina CDBG-DR Buyout Program will follow the same process for appraisal reconciliation as was established for the FEMA Hazard Mitigation Grant Program. Therefore, the homeowner will be required to obtain and pay for the first appraisal and the State or UGLG will obtain and pay for the second appraisal. If the amount of the two appraisals are less than 15 percent of each other, the highest will be accepted. If the two appraisals are more than 15 percent of each other, the State or UGLG will obtain and pay for a third appraisal and the three will be averaged. The State or UGLG will procure the services of a licensed appraiser following the 2 CFR 200 procurement policy. When conducting appraisals, the State or the UGLG will procure the services of independent appraisers licensed in the State of North Carolina following the Uniform Standards of Professional Appraisal Practice to determine the pre-damage market value of each property, or post-damage, if acquisition. Property owners will receive a copy of the second appraisal purchased by the State or UGLG and a formal offer letter to purchase the property. Buyout or acquisition will only occur if both the seller and the buyer are willing participants in the transaction. Either party may withdraw participation in the program at any time right up to the day of closing. The appraisal process will be the same for both CDG-DR buyout and acquisition programs.

The effective date of the appraisal will be on or before October 8, 2016 (or pre-disaster appraised value) for CDBG-DR Buyouts; or the current date or post disaster appraised value for CDBG-DR Acquisitions. If the property owner is not satisfied with the purchase price, the State or the UGLG will not pursue the buyout or acquisition. If the appraisal chosen by the owner does not meet the established standards, North Carolina will not accept the owner's appraisal.

The State reserves the right to approve an alternate method on a case-by-case basis when it is determined that this process may cause a financial burden for some families.

Buyout and Acquisition Applicants Who Purchased the Property After the Date of Disaster
Post-damage owners receive an offer to purchase the property based on pre-damage fair market value as the basis of their buyout or acquisition with the following limitations and duplication of benefit review:

- Individuals and entities that purchased a damage-impacted home after the date of disaster located in the designated area will be limited to the price the owner paid for the property, not to exceed the pre-damage fair market value. If repairs have been made to the property, eligible repair receipts are added to the post-damage price of the buyout or acquisition.
- Banks that have been deeded the property on a post-damage basis will be limited to the amount of the mortgage balance (amount to pay off the mortgage). This is the amount that the bank would have received had the owner participated in the Buyout and Acquisition Program.
- Properties that are in foreclosure, where the pre-damage owner receives any remaining proceeds of the sale of the property after sale expenses, taxes, and liens, receive an award based on the pre-damage fair market value of the property.
- Contract sellers are limited to the amount of the contract balance. This is the amount that the contract seller would have received had the contract buyer participated in the Buyout and Acquisition Program, provided the contract balance is less than the pre-event fair market value. If the contract balance is more than the pre-damage fair market value, the contract seller will be limited to the pre-damage fair market value.
- Trusts, probates, and living wills receive an offer based on the pre-damage fair market value as if the pre-damage owner is participating and subject to a duplication of benefits review. This is the same amount that the trust/probate would have received had the creation of the trust/probate been after the owner themselves signed all the documents necessary to participate in the Buyout and Acquisition Program.
- If a non-profit has received the property by donation on a post-damage basis, they are limited to the appraised value at the time of donation.
- If the property has been acquired by a bankruptcy trustee, the bankruptcy trustee provides the valuation documentation that was used to value the property at the time of the bankruptcy. The award amount is limited to the maximum of the pre-damage fair market value. Or alternatively, if the property is being held in trust with the homeowner remaining the current deed holder, documentation must be provided to demonstrate that the property is still deeded to homeowner but held in trust. If documentation is provided, the applicant receives an award based on the pre-damage fair market value of the property.

VII.8. Post-Acquisition/Buyout

The UGLG or State will retain ownership of the land following the buyout or acquisition to prevent redevelopment in locations with known natural hazards. Depending on the circumstances, the UGLG or State may agree to dispose of buyout properties to neighboring property owners in order to ease the long-term burden of ownership and maintenance. If North Carolina decides to pursue this option, the owner(s) will fully comply with all CDBG-DR rules and regulations, and the properties will have deed restrictions that will prohibit new development.

Usually, all improvements and structures will be removed, and properties will remain undeveloped in perpetuity. Depending on the location, natural features, and proximity to existing publicly held lands, these properties (or portions of properties) may be used for recreational or open space purposes. In limited circumstances, portions of property may be utilized for other

public benefits such as road or bridge improvements, mitigation, or for community meeting places, provided these improvements could be made in a way that does not endanger users of the facilities or public or private resources nearby. North Carolina will document that properties are returned to their natural state as well as other dispositions of the property.

VIII. Enhanced Buyout Areas

The North Carolina enhanced buyout is an incentive program to buy out homes that do not qualify for the HMGP buyouts or acquisition buyout. Incentives can range from 5 percent to 15 percent on top of the pre-storm FMV of property acquired through the buyout. Reconstruction is not allowed on lots in these areas.

Enhanced Buyouts are in select pre-defined targeted buyout areas, which will be determined by the program. Lots will be maintained as buffer zones or used for other non-residential/commercial uses. This program may also include acquisition of vacant or undeveloped land in these targeted areas.

IX. Homeowner Assistance

Homeowners Assistance (HA) is available to homeowners whose primary residence is being acquired in a Hazard Mitigation Grant Program (HMGP) or CDBG-DR buyout/acquisition associated with the October 8, 2016 disaster and whose assistance from FEMA is inadequate to provide comparable housing. If the acquisition price of the house being acquired is not sufficient to allow the homeowner to purchase a comparable, decent, safe, and sanitary replacement house outside the floodplain, the homeowner may receive assistance to make up the difference between the acquisition price of the displacement home and the price of the replacement home, and to cover costs which are normally paid by the buyer in a real estate transaction. The state may provide HA as down payment assistance in the form of a grant.

An applicant must have owned and occupied the damaged property as his/her primary residence at the time of the disaster. The damaged property must be in an eligible or declared county in North Carolina.

The applicant must have critical unmet needs after seeking all other available federal, state, and private resources. All grant and loan assistance, including any insurance proceeds already provided, must be shown to be inadequate to obtain comparable replacement housing. The applicant will not be eligible for HA if the damaged property is covered by adequate insurance. The applicant will also not be eligible for HA if the household declined or accepted a partial award from the Small Business Administration (SBA) loan covering its loss. When an applicant is awarded or accepts only a partial payment, the applicant may request a demonstrable hardship exception from the NCEM or UGLG.

Homeowners must access any other available sources for relocation funds. If those funds are insufficient to obtain comparable, decent, safe, and sanitary replacement housing, the homeowner may receive assistance under the HA Program to fund the difference between the other sources and up to \$50,000. Since these funds may not supplant other assistance, all relocation payments available through FEMA, NFIP, homeowner's insurance, local governments, non-profit organizations, churches, and any program that provided home repair assistance must be obtained and included in the calculation of benefits. A Duplication of Benefits (DOB) analysis must be performed for all assistance received from federal, state, or private resources. Given the different amounts of other assistance provided and the requirement to avoid duplication of benefits, all homeowners will not need the same amount of HA.

HA will be secured by a forgivable loan on the replacement property. Using a prorated scale, the assistance will be forgiven after an ownership period of five years. If sold within the first year, the assistance will be repaid in full; if sold in years two through five, the loan amount will be reduced by twenty percent per year. The applicant must sign a promissory note and deed of trust that covers the total amount of HA assistance.

X. Small Rental Repair Program

The Small Rental Repair Program provides assistance to landlords whose rental units experienced major to severe damage and have not been repaired. This program will be administered by North Carolina Emergency Management. The Small Rental Repair Program is reserved for small rental structures, including single-family rental units, duplexes, triplexes, and buildings with less than eight units. Sixty percent of funds are set aside for damaged rental units located in a town or city where at least 100 homes sustained major to severe damage, or in a Census Tract where at least 50 homes sustained major to severe damage. The units must be affordable to renters earning less than 80 percent AMI for five years. The income of the current and subsequent renters will be verified annually during the affordability period and the home will be inspected to ensure that Housing Quality Standards are maintained.

The Small Rental Repair Program provides awards to eligible rental property owners for residential rehabilitation and/or improvements to make the property more resilient to the impact of future storm events. The program bases repair awards on the cost to restore a property to a decent, sanitary, and safe condition at an average grade standard level. Average grade standard, according to the program's unit pricing tool, is the non-luxury level that is covered by the program, except where Energy Star Standard is applied.

Applicant/landlords applicants approved to participate in the program must have their award reconciled against the actual cost of repairs. Actual cost is evidenced by receipts and contracts associated with work outlined in the Estimated Cost to Repair (ECR). All repairs will be bid in accordance to the local procurement policy. The maximum amount available per unit is up to \$53,000. The home must be elevated if it is in the 100-year floodplain. Homes in the floodway are not eligible for assistance. The owner may seek other program options to ensure the most cost-effective remedy.

Repairs must be completed in accordance with all federal, state and local laws and ordinances applicable to the project. The program instructs an applicant to stop work at the time of application.

Applicants who sustained major to severe damage to their rental property resulting from Hurricane Matthew, and have made repairs to the damaged property prior to October 8, 2017, may be eligible for assistance from the program in the form of reimbursement funding and repair for other unmet needs. Allowable costs may only be reimbursed within one year following the storm when the applicant used personal funds. Reimbursement payments are provided for out-of-pocket funds spent by an applicant to repair the home. A Housing Quality Standards assessment is conducted to determine the condition of the home and to inspect any repairs made against the receipts submitted to determine cost reasonableness of the repairs. If work remains to be done on the property at the time of the HQS inspection, the applicant may also be eligible to receive assistance through the program to complete that work.

An Estimated Cost to Repair (ECR) inspection is created to quantify the cost of prospective work remaining to bring the building to a decent, safe, and sanitary condition. The program prepares an ECR using an estimating tool that calculates the industry standard costs and unit prices for repair items. This the same process that is required with the Homeowner Repair and other HRP Programs.

Resiliency measures such as home elevation, and other storm mitigating measures, which help minimize future flood damage to properties, are eligible funding activities.

X.1. Mandatory Elevation

Eligible applicants with a rental property located within the 100-year floodplain and with a substantial damage determination are required to elevate. The program provides assistance to elevate damaged residential properties to one foot above the Base Flood Elevation or higher if required by the local code.

The program may also offer elevation as an option to applicants outside of the 100-year floodplain when applicants are able to demonstrate evidence of repetitive flood losses.

X.2. Applicant Eligibility Criteria

The eligibility review verifies that the applicant meets the following criteria:

Applicant Eligibility

Criteria
• The applicant is the owner of the storm-damaged property.
• The applicant meets one of the CDBG National Objectives.
• The applicant is a U.S. Citizen or an eligible immigrant.
• The applicants must identify tenant beneficiaries.
• The applicant must make an affirmation to benefit LMI tenants.

X.2.1. Ownership of Subject Property

To qualify for assistance, at least one person on the deed must be the applicant. Property ownership is defined as holding a fee simple title as evidenced by a warranty deed, bargain for sale deed, or a quitclaim deed to the property to be assisted. The deed must be recorded with the appropriate unit of local government or jurisdiction.

Applicants who acquired a storm-damaged rental property after the time of the storm in an arm's length transaction may also be eligible for assistance with prospective repairs attributable to the storm. Such properties will not be eligible for reimbursement assistance. The applicant must verify that the home sustained damage from the October 8, 2017 disaster, complete a Housing Recovery Program Application and be subject to all other CDBG-DR eligibility, procurement, and construction requirements.

At the time of an award, and prior to construction, the owner will sign an agreement to rent to LMI tenants. The final deed restriction will include the five-year household income restriction. This restriction will pass to a new owner if the property is sold within the recapture period. Payments for repairs will be made to the contractor, not the owner.

Ownership by an entity rather than an individual:

LLC, LP, LLP, and Corporation ownership: Limited Liability Company (LLC), Limited Partnership (LP), Limited Liability Partnership (LLP) and Corporation ownership at the time of the storm are eligible forms of ownership. Ownership stakes of less than 10 percent may be eligible at the discretion of the program, upon individual review.

Ownership by a trust: Properties held in trust for the benefit of natural persons may be eligible. The trustee's powers must include the ability to encumber the property with liens. If the trustee's powers do not include the ability to encumber the property with liens, the beneficiaries with an interest in the property must sign the grant agreement, along with the trustee.

The trustee must sign the grant agreement and other program materials on behalf of the application, so long as the trustee's powers include the ability to encumber the property with liens. If the trustee's powers do not include the ability to encumber the property with liens, the beneficiaries or other individuals with an interest in the Property must sign the Grant Agreement along with the trustee. If the trust has already distributed the property to a beneficiary, the beneficiary who received the property must execute the applicable award grant agreement and/or declarations.

X.2.2. Meeting CDBG National Objectives

All applicants must meet one of the three national objectives required under the authorizing statute of the CDBG program: (1) low-to-moderate income, (2) Urgent Need, or (3) slum and blight.

A unit meets the low- and moderate-income criteria if the total household income of the household occupying that unit after the improvement is made is less than or equal to 80 percent of Area Median Income (AMI). Applicants offered assistance to the benefit of LMI tenants must provide evidence that the property is to be rented to an LMI residential rental tenant at the time of closeout. The LMI requirement is to rent the property for five years. In determining income, the program uses federal income tax returns from most recent filing period or as outlined in the North Carolina 1040 Income Calculation Method. (e.g., IRS Forms, 1040, 1040A or 1040EZ).

Although the property owner is the applicant for rental rehab, the income qualification must be based on the tenant who resides (or will reside) in the property.

- If the existing renter is LMI, the project will qualify as LMI.
- If the unit is vacant and the owner commits to renting to someone who is LMI, the project will qualify as LMI.
- Tenants who qualified as LMI at the start of the project do not need to stay LMI for the life of the affordability period. If a new tenant moves in during the affordability period, they must qualify as LMI at the time they move in.
- If the existing renter is not LMI or refuses to participate in the application, or if the owner will not commit to income restrictions, then the project would have to qualify for assistance.

X.2.3. Year-Round Rental of the Subject Property

The property must have been available as a full-time, year-round rental at the time of the disaster. If the applicant is a subsequent owner, the applicant does not need to prove that the property was a rental property at the time of the storm; however, the applicant must commit to maintaining the property as a rental property after repairs are completed. Second homes and vacation properties are **not** eligible.

Second Homes are ineligible for assistance. Second homes, as defined by the IRS publication 936, are properties **not** used as the “main home” (i.e., not where the applicant lives most of the time), and not declared to be his/her primary residence on the income tax return of the year of the disaster.

If an entity, rather than an individual, owns the property, the entity must be registered to do business in the State of North Carolina.

XI. Multi-Family Rental Housing

The NCEM or UGLG will notify the public and solicit proposals from firms to design and complete one or more projects making use of the CDBG-DR funding available to address the need for affordable rental housing. The NCEM and UGLG will follow the procurement process 2CFR 200.318-200.326 to identify the project or projects that provide the greatest benefit to address multi-family affordable housing needs in the aftermath of Hurricane Matthew on October 8, 2017. The procurement process will consist of the following steps:

- Publish notification of funding availability.
- Conduct a pre-proposal meeting.
- Publish a request for proposals.
- Evaluate proposals and select the project(s) deemed to provide the greatest benefit to the county.

The Multi-Family Rental Housing Program will provide gap financing to repair rental housing sustaining major to severe damage in the most impacted communities, and to create new multi-family housing affordable for LMI renters in the most impacted communities. The program will be administered by North Carolina Emergency Management and is estimated to help create 300 to 500 units.

The State and UGLG will fund up to \$53,000 per unit for rehabilitation and up to \$150,000 for reconstruction to benefit LMI, Urgent Need, and Slum and Blight.

The State and UGLG, upon review of applications for this Housing Program, reserves the right to alter the maximum award based on applications and may utilize this exception policy on a case-by-case basis to address specific rental housing needs.

Eligibility activities are: Rehabilitation; Reconstruction; Acquisition; New Residential Construction; Relocation, Demolition and Clearance, Non-Federal Match, and Construction of Housing. Rental housing must be in one of declared counties eligible to receive CDBG-DR funds. All rental properties that currently house renters or did so at the time of the disaster must comply with URA and assess the renter for relocation benefits.

Eligible developers who apply to build rental housing will be required to reserve units for households earning less than 80 percent of AMI for a minimum of five years. Projects must be multi-family new construction or substantial rehabilitation consisting of at least eight units. Priority will be given to projects located in the most impacted counties. Priority will also be given to projects that leverage other resources, produce new sustainable housing integrated with neighborhood services and jobs, and that provide deeper affordability. Projects will be selected through a competitive application process.

All CDBG-assisted housing (e.g., relocation) must meet all applicable state and local housing quality standards and code requirements, and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. All multi-family rehabilitation developments are subject to a Uniform Physical Condition Standards inspection. All deficiencies identified in that inspection must be corrected before final retainage is released.

Housing developments must meet the accessibility requirements at 24 CFR Part 8, which

implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C 794). Multi-family housing developments must meet the North Carolina design. Covered multifamily dwellings, as defined at 24 CFR 100.201 as well as common use facilities in developments with covered dwellings must meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C3601- 3619) and the design and construction requirements of the Fair Housing Act Design Manual. A compliance certificate will be required after the development is completed from an inspector, architect, or accessibility specialist.

Where municipal ordinances prohibit reconstruction or rehabilitation activities, the program will work closely with county and local building officials to determine an alternative course.

All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR 982.401, North Carolina Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.

In special cases—and only when existing conditions would mean that replacing a housing unit on the original damaged property site is not feasible due to insufficient lot size, zoning restrictions, or would continue or exacerbate an unsafe condition—owners may be given assistance to acquire a newly constructed housing unit on an alternate site within the declared county. Examples of unsafe conditions include, but are not limited to, housing located in a special flood hazard area, unsafe soil conditions, environmental hazards that cannot be mitigated, or other conditions that cannot be changed and would continually put occupants in harm's way. The State retains the sole right to determine the eligibility of these special cases.

XII. Public Housing Restoration Fund

This fund will be administered by North Carolina Emergency Management (NCEM). Public Housing Authorities in impacted areas experienced severe damage due to Hurricane Matthew. Through this program, NCEM will provide grants to Public Housing Authorities (PHAs) located in storm-eligible counties that need assistance. Other arrangements or partnership requests to allow UGLG to partner with PHAs or other proposals will require NCEM approval. Funds from the program will assist PHAs that were impacted by Hurricane Matthew to address rebuilding, repair, or resiliency measures for housing units, or to cover the 25 percent match requirement for FEMA PA funds. NCEM will utilize an application process for the program that will allow all eligible PHAs in storm-impacted counties to apply for funds. In the event the eligible PHAs request more funds than is provided in the total allocation, at the close of the open application period, NCEM will determine an allocation methodology for awarding amounts to each PHA.

Administering Entity:	NCEM
Activity Type:	Public Facilities Repair and Rehabilitation
Program Allocation:	\$5,000,000
Maximum Award:	\$53,000 per unit
National Objective:	LMI, Urgent Need, Slum and Blight
Eligible Activity:	Sec. 105 (a) (1) (2) (4) (11) (24)
Geographic Eligibility:	Public Housing Authority must be in a county that was impacted by Hurricane Matthew and was federally declared by FEMA to be eligible to receive funds.
Eligible Applicants:	Must be a Public Housing Authority.
Eligible Use of Funds:	<p>Funds from the program can be used to:</p> <ul style="list-style-type: none">• Rehabilitate, repair, reconstruct and/or reimburse a PHA for repairs made to units that were damaged by Hurricane Matthew;• Address unmet recovery needs after accounting for insurance and FEMA funding;• Cover the local match that PHAs have incurred to access the FEMA PA program; or• Make storm-impacted facilities more resilient from future storm events.
Priorities:	PHAs located in one of the HUD-defined four most impacted counties and/or who are in a most impacted

community will have priority. In the event that the program is oversubscribed, PHAs that documented FEMA PA claims with project worksheets that have Category C-G work will be provided additional points to account for direct storm-related damages to the facility.

XII.1. Program Policy

Funding in this program will be based on the type of work to be funded, in addition to providing URA assistance to residents during work phases, will be required to follow program policy and procedures outlined in the:

- Homeowner Rehabilitation Program
- Homeowner Reconstruction Program
- Homeowner Reimbursement Program
- Non-Federal Share Match PA Program

The State also reserves the right to either manage the Public Housing Restoration fund as state-run program or provide grants directly to the PHAs to implement specific projects after entering into a sub-recipient agreement with NCEM.

As an application-based program, it is possible that the requests for funding may exceed total allocation. To account for the likelihood that this will occur—as some PHAs have already documented more than \$5 million in unmet need—NCEM will document how funding allocations to entities will be determined and what sub-program activities will be prioritized (rehab, reconstruction, reimbursement, etc.). If a PHA requests funds that exceed the allocation of funds provided by the State through this program, prior to the execution of the grant agreement, the NCEM and the PHA will work together to define projects for this program that utilize the allocation provided by the State.

XIII. Supportive Housing and Services Grant Program

This program will be administered by North Carolina Emergency Management. Emergency Management is providing grants to state, county, local, and non-profit agencies to support families and individuals in need of assistance. Funds may be used to repair or construct permanent supportive housing and housing for the homeless that was damaged from Hurricane Matthew and/or to increase the supply of permanent supportive housing and housing for the homeless in the most impacted areas. The program may also provide assistance that addresses homeless service needs, including mental health services, child services, and financial assistance to very low- and extremely low-income families. While Emergency Management is currently providing grants to lead county agencies involved in supportive service issues in the most impacted areas, Emergency Management may consider issuing a notice of funding availability (NOFA) that would allow other applicants to apply and be selected based on a competitive application process that will consider applicant capacity and target groups served. Emergency Management will consider this action in coordination with lead county agencies that are engaged on the ground with this population of individuals. If the request for funding exceeds the total allocation of funds, the program, through its policy and procedures, will document how funding allocations to entities were determined and what sub-program activities will be prioritized.

Allocation for Activity:	\$2,500,000. Total Program Allocation is \$10,000,000.
Maximum Award:	\$500,000 for non-construction supportive services; \$2,000,000 for construction-related projects. Need-based award based on a competitive application process. For individual services, a \$5,000 cap will be applied. For household services, a \$10,000 cap will be applied.
National Objective:	LMI, Urgent Need, Slum and Blight
Eligible Activity:	Public Facilities, Public Service 105 A (a) (8)
Priorities:	80 percent of program funds are set aside for services within the most impacted counties.
Eligible Applicants:	State, county, local, and non-profit organizations that provide supportive services in storm-impacted counties.

Appendix A: North Carolina Lead-Based Paint Compliance Plan

Overview

Below is a summary of LBP compliance requirements for both rehabilitation and reimbursement. Often, a homeowner will have received both types of awards and therefore must be in compliance with each of the LBP reviews to be eligible for reimbursement of all eligible costs.

Minimum Lead-Based Paint Compliance Requirements for Planned CDBG-DR Funded Repair Work

(Compliance requirements in this table are summarized from HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing, Second Edition, July 2012, Appendix 6. Please review the full text of the Guide for all compliance requirements.)

Rehabilitation Assistance Level	Actions Required for Lead Safe Housing Rule ²³⁴	Additional HUD Requirements	Notification to Occupants
ALL Pre-1978 Housing Units (regardless of funding level)	<ul style="list-style-type: none"> All property owners must be provided with the EPA/HUD <i>Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools</i> pamphlet and a signed acknowledgment of the receipt from the occupant is required for the file. (This requirement went into effect on December 22, 2008.) Determine if lead-based paint will be disturbed. All paint surfaces to be disturbed <u>must have paint testing if disturbing more than the de minimis amount of painted surface (i.e., 2 sq. ft. interior OR 20 sq. ft. exterior OR all window sills, baseboard, and trim).</u> If not testing, presume LBP. Occupants <u>must</u> be provided with either <i>Lead Hazard Presumption Notice</i> if 	<ul style="list-style-type: none"> Renovation firms must be certified. At least one Certified Renovator Supervisor must be at the job or available when LBP work is being done. <i>(Not all workers must be certified renovators.)</i> Certified Renovator may NOT use a “paint test kit” for testing. Grant Administrator must have a system in place that documents they or the sub-recipients ensure owner/landlord complies with Lead Safe Housing Rule and Lead Disclosure Rule. 	<p>EPA/HUD <i>Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools</i></p> <p>Occupants must be provided with <u>2 notices</u>:</p> <p>1) <i>Notice of Evaluation or Presumption of Lead Based Paint</i></p> <p>2) <i>Notice of Hazard Reduction Activity</i></p>

² Perform and document clearance, lead-safe work practices, and occupant protection, which are always required after abatement, interim controls, paint stabilization, or standard treatments, except when the de minimis amount is not disturbed.

³ Provide and document all notices to occupants that includes results of evaluations and clearance.

⁴ Approved Renovator training is required. See www.hud.gov/offices/lead or www.epa.gov/lead for information.

Rehabilitation Assistance Level	Actions Required for Lead Safe Housing Rule ²³⁴	Additional HUD Requirements	Notification to Occupants
	<p>presuming LBP OR <i>Lead Hazard Evaluation Notice</i> after paint testing is complete with a copy of the testing results.</p> <ul style="list-style-type: none"> Clearance notification must be provided to occupant with a copy of the clearance results within 15 days of receipt of the clearance test results. <p>Note: <i>Window replacement, window sash replacement, and demolition of painted surface areas <u>are always assumed</u> to disturb LBP and trigger use of Safe Work Practices (even without a calculation of the paint area disturbed).</i></p>		
Pre-1978 Units Receiving up to \$5,000 in Repair Assistance	<ul style="list-style-type: none"> Complete actions (in ALL Pre-1978 Housing Units (regardless of funding level)) that are required for <i>all</i> pre-1978 housing. Safe Work Practices (SWP) must be followed when LBP will be disturbed. SWP must be stated in bid packages to contractors. Repair disturbed paint. Pass a clearance exam of the worksite. 	<ul style="list-style-type: none"> A qualified person <i>independent*</i> of the renovation firm must conduct the lead clearance examination when work is complete. Individuals are qualified to conduct a clearance examination if they are a certified lead-based paint inspector, risk assessor, clearance examiner, or dust sampling technician, depending on the type of activity being performed. 	<p>Occupants must be provided with <u>2</u> <u>notices</u>:</p> <p>1)<i>Notice of Evaluation <u>or</u> Presumption of Lead Based Paint</i></p> <p>2)<i>Notice of Hazard Reduction Activity</i></p>
Pre-1978 Units Receiving between \$5,000 and \$25,000 in Repair Assistance	<ul style="list-style-type: none"> Complete actions (in ALL Pre-1978 Housing Units (regardless of funding level)) that are required for <i>all</i> pre-1978 housing 	<ul style="list-style-type: none"> A Certified Renovation Firm will be used. Project Supervisor* will be a Certified Renovator, and 	<p>Occupants must be provided with <u>2</u> <u>notices</u>:</p> <p>1)<i>Notice of Evaluation <u>or</u></i></p>

Rehabilitation Assistance Level	Actions Required for Lead Safe Housing Rule ²³⁴	Additional HUD Requirements	Notification to Occupants
	<ul style="list-style-type: none"> • Risk Assessment must be conducted. • Interim Controls includes Safe Work Practices and interim controls such as encapsulation or removal of component. • Passing clearance exam based on high dust or low dust work. • Must document information used to determine clearance level. • Occupants must be sent the <i>Notice of Hazard Reduction Activity</i> notice within 15 days after completing the hazard reduction work. This notice needs to describe the hazard reduction work that was completed and the location of any remaining LBP. 	<p>additional workers must be Certified Renovators or have passed a HUD-approved lead-safe work practices course.</p> <ul style="list-style-type: none"> • A qualified person <i>independent</i> *of the renovation firm must conduct the lead clearance examination when work is complete. • Individuals are qualified to conduct a clearance examination if they are a certified lead-based paint inspector, risk assessor, clearance examiner, or dust sampling technician, depending on the type of activity being performed. 	<p><i>Presumption of Lead Based Paint</i></p> <p>2) <i>Notice of Hazard Reduction Activity</i></p>
Pre-1978 Units receiving more than \$25,000 in Repair Assistance	<ul style="list-style-type: none"> • Complete actions (in ALL Pre-1978 Housing Units (regardless of funding level)) that are required for <i>all</i> pre-1978 housing. • Conduct Risk Assessment. • Abatement of LBP hazards. Abatement is: the removal of the building component; the removal of the paint itself; or the long-lasting (at least 20 years) enclosure or encapsulation of LBP hazards. 	<ul style="list-style-type: none"> • A Certified Renovation Firm must be used. Project Supervisor will be a certified Abatement Supervisor, and all additional workers being certified abatement workers. • Independent lead clearance exam will be conducted by a certified lead-based paint 	<p>Occupants must be provided with <u>2</u> <u>notices</u>:</p> <p>1) <i>Notice of Evaluation or Presumption of Lead Based Paint</i></p> <p>2) <i>Notice of Hazard Reduction Activity</i></p>

Rehabilitation Assistance Level	Actions Required for Lead Safe Housing Rule ²³⁴	Additional HUD Requirements	Notification to Occupants
	<ul style="list-style-type: none"> • Passing clearance exam based on high dust or low dust work. • Documentation is required on the information used to determine clearance level. (Chapter 15 Clearance) • Occupants must be sent the <i>Notice of Hazard Reduction Activity</i> within 15 days after completing the hazard reduction work. This notice needs to describe the hazard reduction work that was completed and the location of any remaining LBP. 	inspector or risk assessor (<i>cannot be sampling technician for abatement</i>).	

**There is one exception, which is that designated party (e.g., grant administrator) may use a qualified in-house employee to conduct clearance even if other in-house employees did the renovation work, but an in-house employee may not do both renovation and clearance.*

Note: HUD has six prohibited work practices for remediation of lead-based paint:

1. No open flame burning or torching
2. No heat guns above 1100 degrees F
3. No heat guns that char the paint even if operating at below 1100 degrees F
4. No machine removal without HEPA vacuum attachment
5. No dry sanding or dry scraping, except dry scraping in conjunction with heat guns or within one foot of electrical outlets
6. No paint stripping using a volatile stripper in a poorly ventilated space

Minimum Lead-Based Paint Compliance Requirements for Reimbursement Pre-Award Demolition and Repairs

The January 18, 2017 Federal Register notice (82 FR 5591) allocating CDBG-DR funds for Hurricane Matthew to North Carolina directed grantees to the prior notice issued November 21, 2016 (81 FR 83254), for applicable waivers and alternative requirements, including reimbursement of pre-award costs. The prior FR states the following on page 83266 of the notice:

18. Reimbursement of disaster recovery expenses.

The provisions of 24 CFR 570.489(b) are applied to permit a State to charge to the grant otherwise allowable costs incurred by itself, its recipients or sub-recipients (including public housing authorities (PHAs)) on or after the incident date of the covered disaster. The Department expects State grantees to include all pre-agreement activities in their action plans. Additionally, grantees are permitted to charge to grants the pre-award and pre-application costs of homeowners, businesses, and other qualifying entities for eligible costs they have incurred in response to an eligible disaster covered under this notice. However, a

grantee may not charge such pre-award or pre-application costs to grants if the pre-award or pre-application action results in an adverse impact to the environment. Grantees receiving an allocation under this notice are also subject to HUD's guidance on pre-award expenses published in CPD Notice 2015-07, "Guidance for Charging Pre-Application Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants," as amended (<https://www.hudexchange.info/resource/4777/notice-cpd-1507-guidance-for-charging-preapplication-costs-to-cdbg-disaster-recovery-grants/>). Grantees are required to consult with the State Historic Preservation Officer, Fish and Wildlife Service and National Marine Fisheries Service, to obtain formal agreements for compliance with section 106 of the National Historic Preservation Act (54 U.S.C. 306108) and section 7 of the Endangered Species Act (16 U.S.C. 1536) when designing a reimbursement program. Grantees may also not use CDBG-DR funds to provide compensation to beneficiaries.

The following table summarizes HUD's requirements for addressing lead-based paint when undertaking a reimbursement activity for a homeowner.

HUD Requirements for Reimbursement and Lead-Based Paint Compliance

(Compliance requirements in this table are summarized from HUD's CPD Notice 15-07, entitled *Guidance for Charging Pre-Award Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants*, November 15, 2015)

Pre-Award Activity	Actions Required under CPD Notice 14-017	Required Documentation
Demolition Reimbursement	<ul style="list-style-type: none"> Costs are exempt from Lead Safe Housing Rule under 24 CFR 35.115(a)(6). (Item III.D. in 14-017) 	<ul style="list-style-type: none"> Determination of exemption signed by program with reference to this notice.
Repairs Reimbursement	<ul style="list-style-type: none"> Costs are exempt ONLY if they meet one of the following exemptions set forth in 24 CFR 35.115: <ul style="list-style-type: none"> Housing unit built <i>after</i> January 1, 1978; Applicant undertook CDBG-DR eligible activities that qualify as emergency actions immediately necessary to safeguard against imminent danger to human life, health, or safety, or to protect property from further structural damage (<i>LSHR applies for any work done subsequent to the emergency work</i>); Repairs did not disturb any paint surfaces; Property meets definition of "housing for the elderly" or "exclusively for persons with disabilities" (definition at 24 CFR 35.110); An inspection performed according to 24 CFR 35.1320(a) found the property contained no lead-based paint; or According to documented methodologies, lead based paint has been identified and removed, and the property has achieved clearance. (<i>This exemption does not apply if lead-based</i> 	<ul style="list-style-type: none"> Applicants may certify to the first four exemptions. If none of the first four exemptions apply, the grantee must inspect the property according to HUD standards, and ensure all lead-based paint has been removed and the property has achieved clearance.

Pre-Award Activity	Actions Required under CPD Notice 14-017	Required Documentation
	<i>paint is addressed through enclosure or encapsulation for abatement.)</i>	

Appendix B: Individual Appeals and Complaint Policy and Procedure

Units of General Local Government (UGLG) will develop a local appeals procedure to handle complaints or appeals from applicants or participants regarding the Hurricane Matthew October 8, 2016 Community Development Block Grant Programs. The local government may use the complaint or appeals procedure outlined in its Optional Coverage Relocation Plan or it may develop a separate appeals or complaint procedure.

If an applicant's or participant's application was denied, or the applicant or participant believes that sufficient or adequate assistance has not been approved, or has another complaint, the applicant or participant may file a local appeal in accordance with the local appeals or complaint procedure.

If the local government denies the applicant's or participant's appeal, the individual may appeal the denial to the Division of Emergency Management. This is the second step after appealing to the UGLG. The appeal must be in writing and should adequately set forth the individual facts and circumstances of the applicant's or participant's situation, including the specific reasons for seeking an appeal and any necessary supporting documentation to justify the appeal. Appeals should be sent to the Director of the North Carolina Division of Emergency Management, Raleigh Office. This appeal should be addressed to:

Michael A. Sprayberry, Director
North Carolina Division of Emergency Management
4236 Mail Service Center
Raleigh, NC 27699-4236

If the North Carolina Division of Emergency Management denies the homeowner-applicant's appeal, the applicant or participant may appeal to the Secretary of the Department of Public Safety. The appeal must be in writing and adequately set forth the reasons supporting the appeal. Supporting documentation must also be furnished. This appeal should be addressed to:

Eric A. Hooks, Secretary
North Carolina Department of Public Safety
4201 Mail Service Center
Raleigh, NC 27699-4201

As this constitutes the last step in the internal CDBG-DR appeals process, the decision of the Secretary of the Department of Public Safety will constitute the final agency action. If the Secretary denies the appeal, he will notify the applicant or participant regarding the process for appealing his decision to the Office of Administrative Hearings.

Version 1: 11.18.17ya



Appendix C: Cross Cutting Federal Regulations

Cross-Cutting Federal Regulations

NCEM and its sub-recipients must adhere to all applicable state and federal laws, rules, and regulations. This section provides a summary of the significant and applicable federal regulations for all program activities.

Americans with Disabilities Act

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services.⁵ NCEM takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by NCEM, and that any services are delivered in the most integrated manner possible. Qualified persons with disabilities are informed of the availability of NCEM's programs and services and they are readily accessible to, and usable by, individuals with disabilities. NCEM also ensures that reasonable modifications or changes to policies, practices, or procedures are made to guarantee people with disabilities equal access to services and programs. Additionally, all programs and activities are accessible, both structurally and administratively, to persons with disabilities. NCEM's mandate to conform to the requirements of ADA flows down to all of its stakeholders, including sub-recipients, vendors and developers.⁶

Davis-Bacon Labor Standards

The Davis-Bacon Act⁷ and Related Acts (DBRA) applies to contractors and subcontractors carrying out federally funded or assisted contracts in excess of \$2,000 for the fringe benefits for corresponding work on similar projects in the area. In some cases, North Carolina Prevailing Wage Law is in effect. In these cases, the higher prevailing wage rate between the Federal Government and the State must be adhered to and made applicable. For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NCEM must follow the reporting requirements per HUD and the U.S. Department of Labor regulations. This requirement also extends to NCEM sub-recipients and contractors.

HUD issued specific guidance for Davis-Bacon Labor standards for Sandy Grantees, who use CDBG-DR funds to make match payments for FEMA PA Program activities. North Carolina is using this guidance to operate its match program based on similar dates resulting from the appropriation. The original Sandy letter is attached as Exhibit 3. Further details on DBRA and NCEM's PA Match Program activities are included in Section 4.0.

⁵ http://www.ada.gov/2010_regs.htm

⁶ <http://www.disabilityrightswi.org/wp-content/uploads/2008/09/ada-title-2.PDF>

⁷ 40 U.S.C. 3141 *et seq.*

The MCD ensures that NCEM's applicable programs and services comply with DBRA through the submission of certified payroll records and interviews of prime and sub-contractor laborers. NCEM utilizes Salesforce to track, review, and monitor weekly payroll submissions by contractors. NCEM procured Elation Systems—a cloud-based Davis-Bacon, labor and contract compliance management system used by HUD—to streamline the Davis-Bacon compliance efforts agency-wide. For the PA Match Program, depending on the stage of completion of a specific project, payroll information is either maintained in Elation or in program-specific network drives. In either case, NCEM ensures that Davis-Bacon compliance per regulation and disaster specific guidance is met.

Equal Employment Opportunity

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal contractors and federally-assisted construction contractors and subcontractors who do over \$10,000 in government business in one year from discriminating in employment decisions based on race, color, religion, sex, sexual orientation, gender identity, or national origin. The Executive Order also requires government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.⁸ This regulation is adhered to within NCEM programs.

Fair Housing

The Fair Housing Act requires all grantees, sub-recipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. NCEM enforces the Fair Housing Act by ensuring that all grantees, sub-recipients, and/or developers meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated forms on NCEM website, where applicable. The Affirmative Marketing Plan must comply with applicable Fair Housing Laws and demonstrate how the applicant will affirmatively further fair housing throughout applicable NCEM disaster recovery programs.

Fair Labor Standards Act of 1938, as Amended

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week.⁹ These labor standards are applicable to the entire construction contract, regardless if CDBG-DR funds finance only a portion of the project. Excluding the exceptions listed below, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under NCEM CDBG-DR program must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor

⁸ 41 CFR Part 60

⁹ *Id.*

in accordance with the Davis-Bacon Act, as amended.

In some cases, North Carolina Prevailing Wages and Davis-Bacon Prevailing Wages both apply. In such instances, the higher of the two prevails. Exceptions to FLSA include:

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

Contact a NCEM CDBG-DR Labor Specialist for assistance.

Limited English Proficiency

Federal Executive Order 131661 requires NCEM and all satellite offices, programs, sub-recipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. NCEM ensures fair access through the implementation of a Language Assistance Plan (LAP), which includes non-English-based outreach, translation services of vital documents, free language assistance services, and staff training. NCEM's LEP Coordinator with the Diversity and Civil Rights team is responsible for coordinating all activities associated with the LAP.

Refer to the "Language Assistance Plan" Provision of Language Assistance Services for additional guidance and protocols.

Minority- and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned Business Enterprises (MBEs). 2 CFR 200.321 requires the non-federal entity to take all necessary steps to ensure that all sub-recipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance ensure that contracts and other economic opportunities are directed to small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms when possible.

Per State goals identified by the administration, NCEM ensures compliance with these goals by requiring, as applicable, sub-recipients and contractors to make best efforts to achieve an overall M/WBE participation goal of 20 percent of the entire contract value consisting of 10 percent for MBE and 10 percent for WBE.

For all projects and agreements, NCEM will be required to make best efforts to achieve an overall M/WBE participation goal of 20 percent of the entire contract.

Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, sub-recipients, contractors, sub-contractors, and/or developers funded in whole or in part by CDBG-DR funding, to the greatest extent feasible, extend hiring opportunities and contracts to Section 3-eligible residents and businesses. Section 3-eligible residents are low- and very low- income persons, particularly those who live or reside in public or government assisted housing.

For those entities that receive more than \$200,000 in HUD CDBG-DR assistance, and contractors that are awarded covered contracts that exceed \$100,000, NCEM requires that an approved Section 3 plan be in place before the project is awarded and approved.

Residential Anti-Displacement

All sub-recipients must follow NCEM's Residential Anti-Displacement Policy.

Uniform Relocation Act and Real Property Acquisition

The Infrastructure Program staff will comply with URA and real property acquisition as CDBG-DR federal funds, administered by NCEM and disbursed to sub-recipients and direct contractors and/or beneficiaries, are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) and/or Section 104(d) of the Housing and Community Development Act of 1974. The applicable federal regulations are located at 49 CFR 24 (URA), 24 CFR 42 (Section 104(d)), and in the Real Estate Acquisition and Relocation Policy and Guidance Handbook (HUD Handbook 1378).

The March 5, 2013 Federal Register Notice (FR-5696-N-01) waived the one-for-one replacement requirements at Section 104(d)(2)(A)(i)-(ii) and (d)(3) and 24 CFR 42.375.

Sub-recipients or contractors must provide the following benefits to households or businesses that they displace:

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

NCEM programs subject to the URA and Section 104(d) include the CDBG-DR programs. NCEM policies and procedures, Notice of Funding Availability (NOFA), applicant certifications and/or written agreements for funds subject to the URA and Section 104(d) shall refer to federal and state rules, as appropriate.

Real Property

If CDBG-DR funds are used to acquire real property, NCEM Legal ensures that the property continues to be used for its intended (and approved) purpose; proper records are maintained to keep track of it; steps are taken to protect and maintain it; and that if the property is sold, NCEM

is reimbursed for the CDBG-DR share of the property's value. NCEM, as the grantee, along with its sub-recipients and contractors, must tag and log all property valued greater than \$1,000 and update inventory records annually.

This approach to the ownership, use, management, and disposition of property is complicated by two facts. First, the rules about property management and disposition differ slightly depending on whether a grantee is a public-sector grantee (the rules are generally more explicit for governmental grantees). Second, the rules depend on the nature of the property. Real property (e.g., land, buildings) is treated differently than personal property (e.g., equipment, supplies, intangible property such as copyrights). (Property Management and Disposition Regulations 24 CFR 570.503; all sub-recipients (subs) 24 CFR 85.32; 85.34, govt. subs 24 CFR 84.32; 84.34, nonprofit subs) (as amended by 2 CFR 200 as needed).¹⁰

The federal requirements relating to real property are organized according to title (ownership), use, and disposition. In general, the property management system must provide for accurate records, the performance of regular inventories, adequate maintenance and control, and proper sales procedures. Grantees must follow sales procedures that provide for competition, to the extent practicable, and that result in the highest possible return.

Acquisition of Real Property

Upon notification of permission from NCEM, the sub-recipient proceeds with efforts to acquire any real property, including easements and right-of-way, required for the project. CDBG-DR federal funds, administered by NCEM and disbursed to sub-recipients and direct contractors and/or beneficiaries, are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) and/or Section 104(d) of the Housing and Community Development Act of 1974. The applicable federal regulations are located at 49 CFR Part 24 (URA), 24 CFR Part 42 (Section 104(d)), and in the Real Estate Acquisition and Relocation Policy and Guidance Handbook (HUD Handbook 1378).

Sub-recipients or contractors must provide the following benefits to households that they displace:

1. Relocation advisory services;
2. A minimum of 90-day notice to vacate;
3. Reimbursement for moving expenses; and
4. Payments for added cost of renting or purchasing comparable replacement housing.

A purchase option agreement on a proposed site or property prior to the completion of the environmental review is allowed if the option agreement is subject to a determination by the sub-recipient on the desirability of the property for the project after the environmental review is completed and the cost of the option is a nominal portion of the purchase price. Prior to advertising

¹⁰ 24 CFR 84 and 24 CFR 85 are affected by the transition to the 2 CFR 200 super circular. All references to 24 CFR 84 and 24 CFR 85 within this Manual conform with the requirements of 2 CFR 200 as needed. For more information see: <https://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf> and <http://portal.hud.gov/hudportal/documents/huddoc?id=16-04cpdn.pdf>

for bids, the sub-recipient must have obtained all lands, rights-of-way, and easements necessary for carrying out the project.

NCEM provides sub-recipients with templates for: Involuntary Preliminary Acquisition Notice; Invitation to Accompany an Appraiser; Written Offer to Purchase; Statement of Basis of Just Compensation; Notice of Intent Not to Acquire; Donation and Appraisal Waiver; and Administrative Settlement.

Financial Management

NCEM maintains and has in place proficient financial controls. The NC DOC MCD ensures that NCEM, as the sub grantee, as well as those administering CDBG-DR resources, continuously demonstrate conformity with financial management requirements as required by applicable Federal Register Notices. These requirements include, but are not limited to, areas covering: Financial Management; Advances; Internal Controls; Accuracy of Report Information; Program Income; Salaries and Wages; Indirect Costs; Lump Sum Drawdowns; and Single Audit provisions pursuant to 2 CFR 200 Subpart F (formerly OMB Circular A-133). NCEM's financial management system will be consistent with and in compliance with 24 CFR Parts 84, 85, and 570 (as applicable), which ensures that NCEM funds are managed with high levels of accountability and transparency.

NCEM's Internal Audit Department ensures that NCEM's Financial Management practices adhere to the following:

- Internal controls are in place and adequate;
- Documentation is available to support accounting record entries;
- Financial reports and statements are complete, current and reviewed periodically; and
- Audits are conducted in a timely manner and in accordance with applicable standards.

Insurance and Property Management

For all projects in the Program, all sub-recipients, must procure and maintain insurance for the duration of the sub-recipient agreement to protect all contract assets from loss due to any cause, such as theft, fraud, and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the sub-recipient is responsible for ensuring that:

1. The property continues to be used for its intended (and approved) purpose;
2. The sub-recipient keeps track of, and takes care of, the property; and
3. If the sub-recipient sells or disposes of the property within five years after expiration of the sub-recipient agreement or a longer period as NCEM deems appropriate, the sub-recipient reimburses NCEM for the share of the property's value according to the sub-recipient agreement.

Recordkeeping, Retention, and File Management

In accordance with HUD regulations, NCEM, the DOC as the grantee, and NCEM as the sub-grantee and prime recipient of CDBG-DR funds follow the records retention requirements cited in 24 CFR 84.53, which includes financial records, supporting documents, statistical records and all

other pertinent records. NCEM established recordkeeping and retention requirements in its sub-recipient and contractor agreements in accordance with the guidelines stated in 24 CFR 570.503(b)(2).

NCEM sub-recipients shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement (i) for three (3) years from the time of closeout of HUD's grant to the State or for the period provided in the CDBG regulations at 24 CFR 570.487 (or other applicable laws and program requirements) and 24 CFR 570.488, or (ii) for six (6) years after the closeout of a CDBG-DR funded project pursuant to 42 USC 12707(a)(4) and North Carolina Civil Practice Law and Rules § 213, whichever may be longer. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the retention period, then all such records must be retained until completion of the actions and resolution of all issues, or the retention period, whichever occurs later.

Every sub-recipient and contractor is required to establish and maintain at least three major categories of records: Administrative, Financial, and Project/Case Files.

Administrative Records: These are files and records that apply to the overall administration of the sub-recipient's CDBG-DR activities. They include the following:

- Personnel files;
- Property management files;
- General program files: Files relating to the sub-grantee's, sub-recipient's, or contractor's application to the grantee; the sub-recipient agreement; program policies and guidelines; correspondence with grantee and reports, etc.; and
- Legal files: Articles of incorporation, bylaws of the organization, tax status, board minutes, contracts, and other agreements.

Financial Records but not limited to: These include the chart of accounts; a manual on accounting procedures; accounting journals and ledgers; source documentation (purchase orders, invoices, canceled checks, etc.); procurement files; bank account records; financial reports; and audit files.

Project/Case Files: These files document the activities undertaken with respect to specific individual beneficiaries, property owners, and/or properties.

Reporting

As a recipient of CDBG-DR funds, NCEM, working with NC DOC, has established reporting requirements for all sub-recipients and contractors in their respective sub-recipient and contractor agreements and contracts in accordance with 24 CFR 570.503(b)(2). NCEM established its own reporting requirements in accordance with the provisions as found in 24 CFR 85.40(a) and (e) and 85.41(c) and (d) for Units of General Local Government (UGLGs) or 24 CFR 84.51(a) for non-profit sub-recipients reporting requirements. The program reviews reporting requirements for standalone infrastructure projects at five different intervals, as applicable:

- At execution of agreements;
- Monthly;
- Quarterly;

- Annually; and
- As required.

Sub-recipients and contractors submit the required documents and reports to the State at the times indicated in the sub-recipient and grant and/or contract agreement, and in the format prescribed by the Program staff. Deviations from this requirement must be approved by program staff.

Record Retention

Record retention is a requirement of the program. Records are maintained to document compliance with program requirements and federal, state, and local regulations and to facilitate a review or audit by HUD. Records are maintained in accordance with Section 2.9.15. The NCEM Records Management Program seeks to ensure that:

- NCEM complies with all requirements concerning records and records management practices under federal and state regulations;
- NCEM has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements, and community expectations;
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner based on HUD Handbook 2225.6, Records Disposition Schedules and HUD Handbook 2228.2.

Access to Records

24 CFR 570.49 Recordkeeping requirements:

“(c) Access to records.

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

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

The availability of records is subject to the exemptions to public disclosure set forth in section 87(2) of the Public Officers Law. All Freedom of Information Law (FOIL) requests under the Public Officers Law must be made in writing to the Records Access Officer and will be processed in accordance with the procedures set forth therein.

Audit Requirements

In accordance with Subpart F of 2 CFR 200, non-federal entities¹¹ that expend \$750,000 or more during their fiscal year in federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions therein. The NCEM is responsible for conducting reviews of these single or program-specific audit reports and for coordinating the issuance of management decisions for audit findings relating to NCEM-provided federal funds.

Conflicts of Interest and Confidentiality

Conflicts of interest between applicants, sub-recipients, program administrators, contractors, program staff and other parties are strictly prohibited by federal law.

A “covered person” is an employee, agent, consultant, officer, or elected official or appointed official of the State, or of a unit of general local government, or any designated public agencies, or sub-recipients that are receiving CDBG-DR funds. Generally, no person who is a covered person, and who exercises or has exercised any functions or responsibilities with respect to CDBG-DR activities and who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

The conflict of interest regulations contained in the contract between the sub-recipient and the State prohibit local elected officials; State staff; sub-recipient employees; and consultants who exercise functions with respect to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities from receiving any benefit from the activity—either for themselves or for those with whom they have family or business ties—during their tenure or for one year thereafter.

Conflicts of Interest

The program requires all program staff to disclose any relationship with an applicant or contractor. Program staff, sub-grantees, program administrators, and contractors who disclose such relationships are placed in roles where there is no opportunity for them to display favoritism or collude in order to financially or otherwise benefit themselves, the applicant, or the contractor. For example, a customer representative may not perform work on the application of family. For purposes of this regulation, “family” is defined to include spouse, parents, mother-in-law, father-in-law, grandparents, siblings, brother-in-law, sister-in-law, and children of an official covered under the CDBG conflict of interest regulations at 24 CFR 570.489(h).

NCEM may consider granting an exception to the conflict of interest provisions per 24 CFR 570.489(h)(4) if NCEM has determined that the sub-recipient has adequately and publicly addressed all the concerns generated by the conflict of interest and that an exception would serve

¹¹ Non-federal entity means a state, local government, Indian tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or sub-recipient.

to further the purposes of Title I of the Housing and Community Development Act of 1974, as amended and the sub-recipient has complied with the requirements listed in 24 CFR 570.489(h)(4)(i) and (ii). NCEM considers whether the exception provides a significant cost benefit or essential degree of expertise; whether the opportunity was provided for under open competitive bidding or negotiation; whether the person affected is an LMI person, whether the affected person has withdrawn from his or her functions or responsibilities; whether the interest or benefit was present before the affected person was in a position to benefit from the conflict of interest; or whether undue hardship results from failure to grant the exception.

Confidentiality/Privacy

The Program is committed to protecting the privacy of all individual stakeholders, including the public and those individuals working on the program. The program's policies describe how information is to be handled and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed.

The data collected from applicants for the Program may contain personal information on individuals that is covered by the Federal Privacy Act of 1974, as well as applicable state laws. These laws provide for confidentiality, and restrict the disclosure of confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The information collected may only be used for limited official purposes:

- Program staff may use personal information throughout the award process to ensure compliance with program requirements, reduce errors, and mitigate fraud and abuse.
- Independent auditors, when hired by the program to perform a financial or programmatic audit of the program, may use personal information in determining program compliance with all applicable HUD and federal regulations, including the Stafford Act, CDBG-DR requirements and State and local law.
- NCEM may disclose personal information on an applicant to those with official Power of Attorney for the applicant or for whom the applicant has provided written consent to do so.
- Organizations assisting the State in executing the CDBG-DR Program must comply with all federal and state law enforcement and auditing requests. This includes, but it not limited to, HUD, FEMA, FBI, NC Office of the Comptroller, and the Office of the Inspector General.

Resilience Performance Standards

The State has committed to implementing resilience performance standards for housing and infrastructure projects as outlined in the State's Action Plan Amendments.

Appendix D: CDBG-DR Eligible Counties

County	
Anson County	Jones County
Beaufort County	Lee County
Bertie County	Lenoir County
Bladen County	Martin County
Brunswick County	Montgomery County
Camden County	Moore County
Carteret County	Nash County
Chatham County	New Hanover County
Chowan County	Northampton County
Columbus County	Onslow County
Craven County	Pamlico County
Cumberland County**	Pasquotank County
Currituck County	Pender County
Dare County	Perquimans County
Duplin County	Pitt County
Edgecombe County**	Richmond County
Franklin County	Robeson County**
Gates County	Sampson County
Greene County	Scotland County
Halifax County	Tyrrell County
Harnett County	Wake County
Hertford County	Warren County
Hoke County	Washington County
Hyde County	Wayne County**
Johnston County	Wilson County

** Denotes a HUD defined Most Impacted County