

Chapter 1: Project Administration

Introduction

Administering Kentucky Community Development Block Grant (KCDBG) grants requires regular attention to grant requirements and deadlines. This chapter provides grantees with general information on how to administer a CDBG grant from the Department for Local Government (DLG). The chapter details requirements for certified grant administrators, grant award procedures, release of grant funds, citizen participation and grievances, conflict of interest, and record maintenance.

This chapter addresses the following:

1. Certified Grant Administrator Requirement
2. Grant Award Procedures
3. Release of Grant Funds
4. Citizen Participation and Grievance Procedures
5. Conflict of Interest
6. Meeting a National Objective
7. Project Signage
8. Applicable Laws and Regulations
9. Maintaining Records

The basic rules in this KCDBG manual may also apply to CDBG-Disaster Recovery (CDBG-DR) or National Disaster Resiliency Competition (NDRC) grant-funded projects; however, those funding allocations have additional or different rules and requirements that would be issued at the time of funding award. Please refer to your DLG Representative and HUD program guidance for questions or clarification.

From the award of the grant-to-grant close out, the grant follows a specific course.

Section 1-A. Certified Grant Administrator Requirement

The Commonwealth of Kentucky requires that individuals administering CDBG funds be officially certified by DLG as CDBG Administrators.

Certification Requirements

To be certified as a CDBG Administrator, first time attendees must participate in the DLG-sponsored CDBG Administrator Certification training and pass a test, which is administered at the culmination of the training.

The test follows a comprehensive CDBG Administrator training, which is delivered periodically to allow individuals interested in CDBG administration the opportunity to become certified. The course will be marketed by the Commonwealth of Kentucky via the DLG website and mailings. Check the DLG website for the dates the workshop is offered.

Upon completion of the training, individuals will be informed within approximately 60 days if they have successfully completed the test and received the certification.

It is important to note that it is the individual who attended the training and passed the test that receives the certification, not the firm that employs the individual. Therefore, if an individual leaves the

organization the certification goes with the individual. A new CDBG Administrator at the organization will have to become certified.

DLG maintains an updated list of certified CDBG Administrators. The list is updated after new certifications are granted.

Periodic workshops are provided for previously Certified Administrators to update their knowledge and maintain the certification. Certified Administrators must attend required trainings (as notified by DLG) or the certification may be revoked.

Section 1-B. Grant Award Procedures

Background Information

Submitting a CDBG funding application to DLG results in either an award or a notice of non-selection. Communities that are selected to receive a grant are sent a preliminary approval letter. This begins the process of setting up the grant and ensuring that all contractual documents are in place. The steps in the process for newly awarded grants are described in this section.

Steps in the Process

Setting up a new CDBG grant award involves a number of steps. These steps are outlined below.

1. DLG sends the preliminary approval letter to the grantee that announces the award, the amount of the grant, and instructions on how the grantee needs to respond (the process may differ depending on type of grant, i.e., housing, economic development, etc.). If the grantee accepts the terms specified in the preliminary approval letter, the Chief Executive Officer (CEO) will sign and return the offer.
2. The CEO of the grantee community attends a grant agreement meeting with DLG staff and key parties such as the grant administrator, engineer/architect, subrecipient, etc. The meeting format and topics discussed will vary depending upon the type of grant.
3. After the grant agreement meeting, the CEO of the grantee community reviews the agreement with their legal counsel and signs the agreement.
4. Two copies of the signed grant agreement are returned to DLG.
5. DLG processes and executes the grant agreement through the State approval system and defines all effective dates.
6. DLG maintains one copy of the grant agreement and sends the other copy back to the grantee for its records.

Grant Agreement Provisions

The grant agreement typically includes the following requirements and provisions:

- ✓ Legal boilerplate information,
- ✓ 2 CFR 200 (Subpart F) on audit information and requirements,
- ✓ Names and addresses of grantee and contacts,

- ✓ List of activities to be completed,
- ✓ A cost summary, and
- ✓ A list of all evidentiary items that are required prior to a release of funds (discussed in the next Section of this chapter).

Section 1-C. Release of Grant Funds

In order for the grantee to begin spending the grant funds, certain evidentiary materials must be submitted to DLG.

Evidentiary Materials Required

The grant agreement specifies which evidentiary materials are required for submission to DLG. DLG must receive and approve these materials before the grantee may expend any project funds for specified activities. Evidentiary materials will be required for the following items:

- ✓ Completion of an environmental review/environmental certification and required documentation (e.g., tear sheets for required notices) (See Chapter 2: Environmental Review); Chapter 2: Environmental Review
- ✓ Firm commitments for “other funds” anticipated in the approved application. The local contribution should be placed in a restricted account for project use only;
- ✓ Evidence of mandatory sewer hook-up ordinance;
- ✓ Approval of Budget Ordinance/Amendment;
- ✓ Approval of Anti-displacement and Relocation Assistance Plan;
- ✓ Copy of adopted resolution approving the CDBG procurement code (see Chapter 4: Procurement); Chapter 4: Procurement
- ✓ Cost overrun resolution stating that any cost overruns will be paid for by the grantee;
- ✓ State Clearinghouse assurance and comments;
- ✓ State Historic Preservation Office (SHPO) approval letter (See Chapter 2: Environmental Review);
- ✓ Evidence that tribal consultation requirements have been met (See Chapter 2: Environmental Review);
- ✓ Fair Housing Resolution or Ordinance (See Chapter 7: Fair Housing); Chapter 7: Fair Housing
- ✓ Policy of Non-Discrimination on the Basis of Disability Status (for grantees with 15 or more employees) (See Chapter 7: Fair Housing);
- ✓ Section 504 Accessibility Self Evaluation and Transition Plan (See Chapter 7: Fair Housing);
- ✓ Title VI Self Survey and Statement of Assurance or Title VI Implementation Plan (See Chapter 7: Fair Housing);
- ✓ Drug Free Workplace Statement;

- ✓ Submission of legally binding commitments between subrecipients, private participants and the grantee;
- ✓ Fully executed grant agreement;
- ✓ Authorized Signature and Electronic Transfer of Funds Forms (See Chapter 3: Financial Management); and
- ✓ Other possible documents:
 - Submission of loan or lease agreements, as applicable;
 - Submission of security documents, as applicable;
 - Submission of certification by legal counsel relating to each of the above documents; and
 - Submission of revolving fund procedures as applicable.

Chapter 3: Financial Management
Chapter 5: Contracting

Similar to other community projects, economic development activities often require pre-approval of legal agreements, due to the participation of private, for-profit businesses in these projects. In addition to the above required materials, special conditions or materials may be required depending on the type of grant funded. It is recommended that the grantee submit all of the evidentiary items together in one package. The grantee should not hesitate to contact DLG with any questions, as delays in submitting these materials will delay program implementation.

Request for Approval of Evidentiary Materials and Release of Funds

After completing the evidentiary materials, the grantee should prepare the Request for Release of Funds and attach the necessary documentation (see Attachment 1-1: Request for Approval of Evidentiary Materials and Release of Funds). DLG will review the Request for Release of Funds and other documentation, and notify the grantee upon approval. Once approval is received, the grantee can begin expending project activity funds.

Attachment 1-1:
Request for Approval
of Evidentiary Materials
and Release of Funds

- Note:** Grantees should note that DLG may terminate the grant and grant agreement if the required evidentiary and release of funds documentation are not submitted to the department within 90 days of the date of the preliminary approval letter.
- Note:** If the grantee obligates or expends any project funds for any activity (except for those costs relating to engineering and planning, as applicable) prior to DLG approval of the environmental clearance, these costs are considered an ineligible use of KCDBG funds and the grantee will be denied payment for such expenses.

Section 1-D. Citizen Participation and Grievance Procedures

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

Section 5304(a)(2)(3) of Title I of
the Housing and Community
Development Act of 1974
24 CFR 570.486(a)5
24 CFR 91.115(e)

Citizen Participation

Local government must provide reasonable opportunities for citizen participation, hearings, and access to information with respect to local community development programs. Certain citizen participation requirements must be met by the grantee prior to application submission while other requirements apply throughout the course of the project. Grantees are expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

Program Guidelines, "Citizen Participation Plan"

Grantees are required to conduct at least two public hearings during the course of the grant to elicit citizen feedback on the following:

- ✓ **Needs Assessment:** Solicit input on community development and housing needs as well as potential activities. This hearing must be held prior to application submission.
- ✓ **Review of Performance:** Review past use of funds and program performance. This hearing must be held prior to grant close-out. (Refer to Chapter 13: Project Closeout for more information on the close-out process and the required hearing at this stage.)

Chapter 13: Project Closeout

The citizen participation requirements include that the grantee must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate.

KYCDBG recipients are obligated under 24 CFR 91.105 (a) (2)(ii), and 24 CFR 91.115 (b)(3)(iii) to provide language services for the citizen participation process. The regulations provide that for CDBG recipients, "...[a] jurisdiction also is expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities."

Chapter 7: Fair Housing and Equal Opportunity

Developing a Language Assistance Plan (LAP) is one of the steps that recipients and subrecipients must take to demonstrate that they have taken "reasonable steps" to provide language services to persons who have Limited English Proficiency (LEP), or who are considered LEP persons. See Chapter 7: Fair Housing and Equal Opportunity for more information or contact DLG for additional guidance.

Additional public hearings must be held if a substantial amendment to a funded activity occurs. See Chapter 12: Amendments and Monitoring for more information on substantial amendments.

Chapter 12: Amendments and Monitoring

The grantee, at a minimum, must perform the following activities in advance of all public hearings:

- ✓ **Develop the hearing notice** with the following elements (see Attachment 1-2: Sample Public Hearing Notice):
 - Description of the project;
 - Description of CDBG funding available, program income available, and parameters for assistance;
 - Amount of CDBG funds being requested and for which activities;

Attachment 1-2: Sample Public Hearing Notice

- Anti-displacement plan (if applicable) due to activity undertaken;
 - Record of past uses of CDBG;
 - Summary of other important program requirements and available technical assistance;
 - Information for persons with disabilities on how to request an accommodation, including how to request documents in an alternative format.
 - The State TDD number (800) 648-6056 or State relay number (800) 648-6057 or 711.
- ✓ **Publish the public hearing notice** as per the guidance provided below.
- ✓ **Also, an applicant/grantee must make additional efforts to notify the public by utilizing one or more of the methods set forth below:**
- Post the notice of public hearing in public places such as city/county government buildings, libraries, etc.
 - Distribute leaflets or flyers to low- and moderate- income neighborhoods in prominent locations (i.e., grocery stores, churches, community centers, door-to-door, etc.) to notify the residents of hearings.
 - Conduct public service announcements on radio stations or television.
 - Post the public hearing announcement on web site and/or distribute e-mail announcement.
- ✓ **Conduct the public hearing** to inform the public about the CDBG activities being undertaken. At a minimum, the grantee must ensure the hearing involved the following components:
- Held in handicapped-accessible location and/or provide accommodation for persons with disabilities so that they may participate;
 - Chosen at a time and date convenient for potential or actual beneficiaries;
 - Arranged for interpreters for non-English speaking persons (if necessary); and
 - Keep an attendance list and take minutes of the meeting, which should be signed and dated and placed in the files.
- 24 CFR 570.486
KRS 99.350(8)
KRS 61.252(1)
- ✓ **Respond to any written comments** that are received during the public hearing process. At a minimum, the grantee must:
- Indicate comments were considered (including verbal comments at public hearings);
 - Cite reasons for rejection, if applicable; and
 - File comments and responses in the citizen participation file.

Public Notice/Advertisement Requirements

All legal advertisements required as part of the administration of a CDBG project, including, but not limited to, citizen participation, environmental review (Chapter 2) and procurement (Chapter 4), shall be published according to KRS Chapter 424. The advertisement must include the date, time, and location of the hearing, end of comment period, or bid opening.

Note: Failure to strictly adhere to the requirements in this section may result in the advertisement being declared void and another advertisement being required.

Times of Publication

The general rule for legal advertisements is that the advertisement must run not less than seven, nor more than 21 days prior to the hearing, end of comment period, or bid opening. See Chapter 2 for more specific requirements for Environmental Review advertisements.

Whenever a grantee desires to extend a deadline (such as a bid opening) beyond the 21-day maximum, the grantee must advertise twice, and the second advertisement must fall within the publication window defined above.

Calculation of Time

In calculating any period of publication required under a CDBG project, the date of the advertisement **shall not** be counted in the calculation.

Example: For a citizen participation hearing scheduled to be held on the 25th day of the month (a Thursday), assuming a seven to 21-day publication period:

Earliest possible advertisement date: Thursday the 4th

Latest possible advertisement date: Thursday the 18th

Grantees **shall not** schedule hearings or bid openings on Sundays or legal holidays. Whenever a public comment period ends on a Saturday, Sunday, or legal holiday, grantees shall accept comments until the end of the next day that is not a Saturday, Sunday, or legal holiday.

Qualifications of Newspapers

All advertisements shall be published, pursuant to KRS 424.120, in the **newspaper** of largest bona fide paid circulation that publishes in the publication area. A newspaper is considered to “publish” in the publication area **only** if maintains its principal office in the publication area. “Publication area” means “the city, county, district, or other local area for which an advertisement is required by law to be made.”

Grievance Procedures

Grievances Received by Grantees

Occasionally grantees receive complaints regarding their projects and activities; therefore, it is required under the citizen participation requirements that the grantee develop a procedure to respond to complaints and grievances.

Grantees must provide citizens with an address, phone number, and time period for submitting complaints and grievances. The grantee must respond to the complaint within 15 working days of receipt, where practical.

Each complaint and the resolution to the complaint should be well documented in the grantee’s files and kept in a project complaint file for any project related complaints.

Grievances Received by DLG

Because complaints and grievances are best handled at the local level, DLG will forward any complaints it receives concerning projects to the grantee for response. The complainant will be notified that the complaint has been forwarded to the grantee for resolution. The grantee will follow their grievance procedures.

The grantee has to follow the same timeline of 15 working days from receipt from DLG (where practical). A copy of the letter of resolution must be submitted to DLG. If the grantee does not provide a resolution, DLG will work with the grantee and the complainant to resolve the complaint.

Section 1-E. Conflict of Interest

Conflict of interest requirements must be adhered to in order to ensure that public officers and employees are not gaining a financial and/or any other benefit in the procurement of goods and services, as well as in determining direct beneficiaries. Efforts should be made to recognize and resolve potential conflicts in the application phase of a project; however, a grantee must be vigilant throughout implementation.

Requirements and Persons Covered

Conflict of interest requirements are covered in the following:

- ✓ State CDBG regulations at 24 CFR 570.489;
- ✓ 2 CFR Parts 200, 215, 220, 225 and 230;
- ✓ KRS 45A.340 (covers what specifically constitutes a “conflict of interest” pertaining to public officers and employees) for public municipalities that have adopted the Model Procurement Code;
- ✓ KRS 99.350(8) (covers public officers and employees that participate in the formulation of a development area and dictates what conflicts are prohibited); and
- ✓ KRS 61.252 covers city employees, officers and exceptions to conflicts of interest.

24 CFR 570.489
2 CFR Parts 200, 215, 220, 225 & 230
KRS 45A.340
KRS 61.252
KRS 99.350(8)

The CDBG requirements pertaining to conflict of interest are summarized in the following paragraphs:

- ✓ **Conflicts Prohibited:** Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons covered (defined below) who exercise or have exercised any functions or responsibilities with respect to CDBG activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- ✓ **Persons Covered:** The conflicts of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the State, the unit of local government, or of any designated public agencies or subrecipients that are receiving CDBG funds.

24 CFR Part 570.489(h)

- ✓ **Exceptions:** Upon the written request of the recipient, DLG may review the provisions of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of Title I and the effective and efficient administration of the program or project. An exception may be considered only after the local government has provided the following:
 - A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - A certification the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - An opinion of the local government's attorney that the interest for which the exception is sought would not violate State or local law.

Section 1-F. Meeting a National Objective

Before any activity can be funded in whole or in part with KCDBG funds, a determination must be made as to whether the activity is eligible under Title I of the Housing and Community Development Act of 1974, as amended. Additionally, activities must also meet one of the three national objectives.

42 U.S.C. 5304(b)(3)
and 24 CFR 570.483

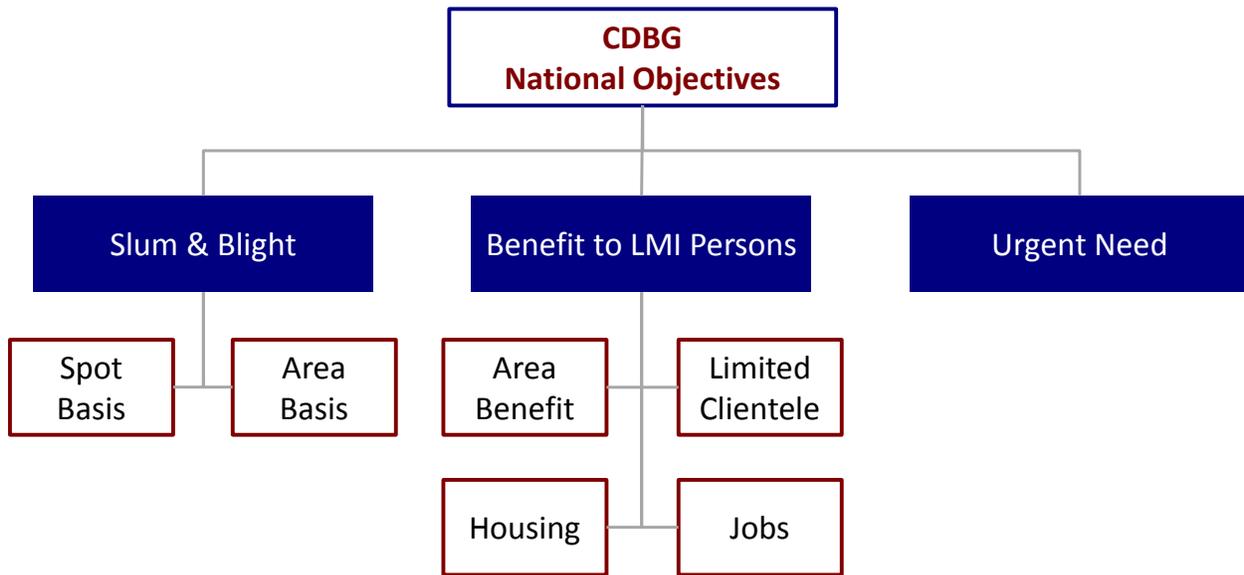
All projects funded under KCDBG must address at least one of the following three national objectives of the CDBG Program. A determination of the eligibility of an activity is made as a part of the DLG application review process. DLG also reviews which national objective category a project will fall under. However, under the CDBG regulations, a project is not considered as meeting a national objective until it is complete.

National Objectives

- ✓ Benefit low- and moderate-income (LMI) persons;
- ✓ Aid in the prevention or elimination of slums or blight; and
- ✓ Meet other community development needs having a particular

Therefore, grantees must be aware of the national objective category and document compliance appropriately.

- ✓ There are a number of different criteria by which an activity can meet one of the three national objectives, as shown in the following exhibit:



- ✓ The LMI national objective is often referred to as the “primary” national objective because the regulations require that DLG expend the majority of State CDBG funds to meet this particular objective. Applicants must ensure that the activities proposed, when taken as a whole, will not benefit moderate-income persons to the exclusion of low-income persons.

For more information regarding the national objectives, grantees should download a copy of the Guide to National Objectives and Eligible Activities for the State CDBG Program.

Guide to National Objectives and Eligible Activities for State CDBG Program:
<https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/>

Section 1-G. Project Signage

Nonresidential construction projects funded by the KCDBG Program are required to have signage at the project site. The signage informs citizens that the project is being funded by DLG’s CDBG Program, as well listing the sponsor, architect and/or engineer and contractor. The sign includes the required equal opportunity language. Visit https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm for the specifications for the required construction sign.

Section 1-H. Drug-Free Workplace

Grantees are required to make a good faith effort to ensure that they operate a drug-free workplace by providing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition. Additionally, grantees must establish an ongoing drug-free awareness program to inform employees about the dangers of drug abuse, the grantee’s policy of maintaining a drug-free workplace, any available drug counseling or rehabilitation, and the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

- ✓ Each person employed by a grantee that works on a project funded with CDBG dollars must be given a copy of the grantee's drug-free workplace statement.
- ✓ Employees must also be notified that, as a condition of working with CDBG dollars, they must abide by the terms of the statement and notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such a conviction.
- ✓ If an employee is convicted of committing a drug-related offense in the workplace, the grantee must notify every grant officer or other designee on whose grant activity the convicted employee was working. The notice should include the employee's name and title as well as the identification number(s) of each affected grant.
- ✓ Within 30 calendar days of a conviction, grantees must also take appropriate personnel action against the employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended, or require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

Section 1-I. Applicable Laws and Regulations

The following is a list of federal laws, Executive Orders and State statutes applicable, in whole or in part, to the KCDBG Program. This list may not be all-inclusive as there are many laws, regulations and other requirements that may apply. To obtain copies of most of the federal publications, see the website address provided in the box to the right.

For copies of laws and regulations, go to the Government Printing Office at <http://www.gpo.gov>

Or

Go to the HUD Exchange at <https://www.hudexchange.info/>.

General Statutes and Regulations

- ✓ Title I of the Housing and Community Development Act of 1974, as amended
- ✓ 24 CFR Part 570, Subpart I, Community Development Block Grant: State Program Regulations; Subpart C, Eligible Activities
- ✓ Kentucky Revised Statutes available at www.lrc.state.ky.us/krs/titles.htm

Acquisition/Relocation

- ✓ 24 CFR Part 42 (includes Uniform Relocation Assistance and Real Property Acquisition Policies Act)
- ✓ Section 104(d)
- ✓ 24 CFR Part 570.606, Displacement, Relocation, Acquisition, and Replacement of Housing
- ✓ KRS 416

Fair Housing, Equal Opportunity and Accessibility

- ✓ Title VI-Civil Rights Act of 1964
- ✓ Title VII-Civil Rights Act of 1968

- ✓ Title VIII-Civil Rights Act of 1968, as amended
- ✓ Section 109 of the Housing and Community Development Act of 1974, as amended
- ✓ Section 504 of the Rehabilitation Act of 1973, as amended
- ✓ Executive Order 11246-Equal Employment Opportunity, as amended by Executive Order 11375, Parts II and III
- ✓ Executive Order 11063-Equal Employment Opportunity, as amended by Executive Order 12259
- ✓ Equal Employment Act of 1972
- ✓ Age Discrimination Act of 1975, as amended
- ✓ Executive Order 12432-National Priority to Develop Minority and Women Owned Businesses
- ✓ Executive Order 12138-National Women’s Business Enterprise Policy
- ✓ Executive Order 11625-Minority Business Participation
- ✓ Executive Order 12892-Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing
- ✓ Vietnam Era Veterans’ Readjustment Assistance Act of 1974
- ✓ Immigration Reform and Control Act of 1986
- ✓ Fair Housing Amendment Act of 1988
- ✓ Americans With Disabilities Act of 1990
- ✓ Civil Rights Restoration Act of 1988
- ✓ Kentucky Civil Rights Act, Chapter 344

Environmental

- ✓ National Environmental Policies Act of 1970, as amended
- ✓ National Historic Preservation Act of 1966, as amended (Section 106)
- ✓ Executive Order 11593, Protection and Enhancement of the Cultural Environment
- ✓ 24 CFR Part 58
- ✓ Executive Order 11988 and 24 CFR Part 55, Floodplain Management
- ✓ Executive Order 11990, Protection of Wetlands
- ✓ 40 CFR 149, Sole Source Aquifers
- ✓ Safe Drinking Water Act of 1974, as amended
- ✓ Endangered Species Act of 1973, as amended, and 50 CFR 402
- ✓ Wild and Scenic Rivers Act of 1968, as amended
- ✓ Clean Air Act, as amended (Sections 176(c) and (d)) and 40 CFR 6, 51 & 93
- ✓ Clean Water Act

- ✓ Solid Waste Disposal Act, as amended
- ✓ Farmland Protection Policy Act of 1981 (7 CFR 658)
- ✓ 24 CFR 51 B, Noise Abatement and Control
- ✓ 24 CFR 51 C, Siting of HUD-Assisted Projects Near Hazardous Operations
- ✓ 24 CFR 51 D, Airport Clear Zones and Accident Potential Zones
- ✓ Executive Order 12898, Environmental Justice

Financial Management

- ✓ 2 CFR Part 200 (OMB Omni Circular) as adopted by HUD at 2 CFR Part 2400
- ✓ KRS 43
- ✓ KRS 91A
- ✓ Housing and Community Development Act, Section 104c
- ✓ HUD Community Planning and Development Notice 04-11 “Program Income Requirements in the State CDBG Program”

Housing Rehabilitation (see also Fair Housing)

- ✓ Truth in Lending Act
- ✓ Title I Consumer Protection Act
- ✓ Lead Safe Housing Rule, 24 CFR Part 35
- ✓ Architectural Barriers Act of 1970 (41 CFR Part 101-107)

Labor Standards

- ✓ Federal Labor Standards Act, including Davis-Bacon
- ✓ 24 CFR Part 24, Debarment and Suspension
- ✓ Contract Work Hours and Safety Standards Act
- ✓ Copeland “Anti-Kickback” Act
- ✓ KRS 337

Procurement and Contracting

- ✓ Section 3 of Housing and Urban Development Act of 1968, as amended
- ✓ 2 CFR Parts 200 (200.317-200.326)KRS 45A
- ✓ KRS 424

Section 1-J. Maintaining Records

It is important that the grantee fully document compliance with all applicable regulations. This is accomplished through maintaining comprehensive records and submitting all necessary reports.

The filing system should be easy to use and provide a historic account of activities for examination and review by the State, auditors and local staff. All records must be available to the following entities upon request:

- ✓ U.S. Department of Housing and Urban Development,
- ✓ The Inspector General,
- ✓ The General Accounting Office,
- ✓ The Comptroller General of the United States,
- ✓ Department for Local Government,
- ✓ Legislative Research Commission, and
- ✓ Auditor of Public Accounts.

These entities must have access to any pertinent books, records, accounts, documents, papers, and other property that is relevant to the grant. Certain records must be available to the public as well. However, grantees must keep files that contain personal information, such as social security numbers, in a secure place.

Files should, to the extent possible, be maintained in a central location. The grantee is responsible for maintaining records for **at least five years** after final project close-out.

The list below identifies major file categories, and the materials that should be maintained in each file. This list is not all-inclusive; therefore, refer to applicable laws and regulations as well as the other chapters of this handbook for more information.

National Objectives

Grantees must maintain records that funded activities meet one of the national objectives. Depending on the objective, the files must contain the specific documentation below. This documentation can also be used in reporting performance measures information.

- ✓ Low/Mod Area Benefit
 - Boundaries of service area
 - Census data including total persons and percentage low/mod
 - Evidence area is primarily residential
 - Survey documentation (if applicable)
- ✓ Low/Mod Limited Clientele
 - Documentation that the beneficiaries are low/mod or presumed to be low/mod (by category)
- ✓ Low/Mod Housing (see also Housing section below)

- Income verification of households (using the Section 8 definition) including source documentation
- ✓ Low/Mod Job Creation and Retention
 - Number of jobs created or retained
 - Type and title of jobs created or retained
 - Income of persons benefiting from the jobs created or retained
- ✓ Slum and Blight
 - Area designation (e.g., boundaries, evidence area meets State slum/blight requirements)
 - Documentation and description of blighted conditions (e.g., photographs, structural surveys, or development plans)
 - If applicable, evidence that the property meets spot designation requirements (e.g., inspections)
- ✓ Urgent Need
 - Documentation of urgency of need and timing
 - Certification that other financing resources were unavailable and CDBG had to be used

Application

- ✓ Application
- ✓ Amendments and revisions to the application, if any
- ✓ Correspondence regarding the application

Grant Agreement

- ✓ Preliminary Approval Letter
- ✓ Grant Agreement
- ✓ Records/correspondence concerning Evidentiary Materials
- ✓ Amendments and documentation
- ✓ Performance Measures information

Acquisition

- ✓ Acquisition Documentation System Chart
- ✓ Property Acquisition File for each property acquired
- ✓ Written letter of voluntary acquisition
- ✓ For involuntary acquisition:
 - HUD Form 40061, “Selection of Most Representative Comparable Replacement Dwelling for Purposes of Computing a Replacement Housing Payment”
 - Documentation of eminent domain authorization, if applicable

- Contract of sale
- Statement of Settlement Costs showing the grantee reimbursed the property owner for acquisition price, recording fees, transfer taxes, title option, prepayment penalty on a mortgage, and pro-rate share of property taxes, etc.
- Receipt for purchase price and the cancelled check
- Copy of the recorded deed
- ✓ Urban Renewal Plan
- ✓ Statement of Qualification of Appraisers
- ✓ Kentucky Appraisal Certificate
- ✓ Appraisal contracts
- ✓ Donations/Waiver of Rights and Benefits of the Uniform Act
- ✓ Copies of public solicitations for voluntary acquisitions
- ✓ Annual Report on Relocation and Real Property Acquisition Activities
- ✓ Acquisition Log of Contacts

Audit

- ✓ Professional Services Agreement with independent CPA (if paid with CDBG funds)
- ✓ Annual audit(s), as applicable
- ✓ Documentation that all CDBG-related audit findings and any questioned costs have been cleared

Citizen Participation

- ✓ Documentation of the public notices and minutes of the public hearings
- ✓ Documentation of comments received and responses
- ✓ Grievance procedure
- ✓ Complaints and resolution documentation

Fair Housing and Equal Opportunity

- ✓ Fair Housing Resolution
- ✓ Policy of Nondiscrimination on the Basis of Disability Status (for grantees with 15 or more employees)
- ✓ Project Benefit Profile and documentation
- ✓ Local government employment records
- ✓ Fair Housing Profile
- ✓ Demographic data, including data for target area projects
- ✓ Employment Affirmative Action Plan

- ✓ Documentation of actions taken to affirmatively further fair housing in the community
- ✓ Section 504 Self Evaluation and Transition Plan and project documentation
- ✓ Title VI Implementation Plan and Self-Survey
- ✓ Drug Free Workplace Certification
- ✓ Record of complaints and how they were resolved

Contracts

- ✓ Bid package(s)
- ✓ Professional contract(s)
- ✓ Pre-construction activities
 - Council/Fiscal Court authorization of contract award
 - Notice of Contract award and Preconstruction Conference sent to DLG’s Office of Federal Grants
 - Notice to proceed issued to contractor and a copy to DLG
- ✓ Documentation of construction inspection
- ✓ Notice of Completion/ Final Inspection
- ✓ Adequate documentation of services provided, including invoices and deliverables
- ✓ If a Section 3 Plan was required, documentation that it was carried out
- ✓ Construction contract/subcontracts
- ✓ Attorney certification
- ✓ Evidence of bonding
- ✓ Legally binding agreement(s)

Economic Development

- ✓ Procurement Form and the Contracting & Contract Management Form, if applicable
- ✓ Minority & Women’s Business Enterprise Form, if applicable
- ✓ Labor Standards Form, if applicable
- ✓ Property Acquisition Form, if applicable
- ✓ Business Relocation Form, if applicable
- ✓ For Infrastructure projects
 - Assessment plan, if required
 - Documentation that entities covered under the infrastructure assessment plan have been reporting as required
- ✓ For activities carried out through nonprofit organizations

- Legally binding agreements
- Documentation of eligible costs
- Evidence that the nonprofit has conducted an on-site inventory of equipment purchased or leased with grant funds
- Building and equipment appraisals, if applicable
- ✓ For direct assistance to businesses
 - Evidence that the grantee has conducted an on-site inventory of equipment purchased with grant funds
 - Building and equipment appraisals, if applicable
- ✓ For microenterprise assistance
 - Evidence that the entity providing training has written agreements with owners outlining their responsibilities
 - Documentation of the cost of providing training
- ✓ For service facilities in support of economic development
 - Legally binding agreement with assisted businesses
 - Documentation of eligible costs
- ✓ Loan/lease and security documents
- ✓ Job creation/retention documentation

Environmental Review

- ✓ Environmental Review Record
- ✓ Finding of Exemption, Finding of Categorical Exclusion Not Subject to 24 CFR Part 58.5, or Statutory Checklist for Categorically Excluded Activities/Projects
- ✓ Combined Notice of Finding of No Significant Impact (FONSI) Determination and Notice of Intent to Request Release of Funds published in the local newspaper
- ✓ Public Notice Distribution List
- ✓ Request for Approval of Evidentiary Materials
- ✓ Environmental Certification signed by the Certifying Officer
- ✓ Historic Preservation and tribal consultation documentation, as applicable
- ✓ Environmental Assessment Checklist and documentation for projects requiring an Environmental Assessment

Financial Management

- ✓ Authorized Signature Form
- ✓ Direct Electronic Transfer of Funds Form

- ✓ Requests for Payment
- ✓ Accounting records
- ✓ Record of commitment of other funds
- ✓ Source documentation (approved invoices, payrolls, contracts, etc.)
- ✓ Canceled checks, deposit slips, bank statements, etc.
- ✓ Copy of current city or county budget or amendments
- ✓ Records documenting acquisition of asset(s)
- ✓ Records of any disposition of properties
- ✓ Program income records including revolving loan funds (receipt, accounting, expenditure, etc.)

Housing

- ✓ Program guidelines
- ✓ Local rehabilitation policies and procedures
- ✓ Applications for assistance
- ✓ Rehabilitation Household Survey
- ✓ Income verifications
- ✓ Rehabilitation contract file for each job
- ✓ Lead-Based Paint Hazard Notification, documentation the appropriate pamphlet was provided, and notification of any hazard reduction activity and clearance results
- ✓ Lead-Based Paint Testing Report, Assessment and/or Screening report
 - For projects where the level of assistance provided is under \$5,000, a clearance report
 - For projects where the level of assistance provided is \$5,000-\$25,000, a clearance report
 - For projects where the level of assistance provided is over \$25,000, an abatement report
- ✓ Work write-ups and cost estimates (including lead-based paint work calculations if necessary)
- ✓ Evidence of systematic and thorough inspections
- ✓ Notice of Acceptance of work signed by the homeowner for each payment
- ✓ Documentation of change orders
- ✓ Evidence and certification of Safe Work Practices and Occupant Protection (including relocation, if necessary)
- ✓ Documentation of exemptions when relocation was not required
- ✓ Written agreements
- ✓ Certificate of Inspection, at project completion
- ✓ Executed loan/grant documents

- ✓ Proof of ownership
- ✓ Certification of primary residence
- ✓ Proof of current insurance
- ✓ For multifamily rehab:
 - Documentation that the rents for the LMI units do not exceed the applicable HUD FMR for the area (by bedroom size)
 - Documentation of a local system that monitors rents charged (or to be charged) after rehab, for each dwelling unit in each rehabilitated structure.
 - Estimated number of units rehabilitated in each structure and the percent of units that will be occupied by low- and moderate-income households.
- ✓ For single-family rehab:
 - An estimate of the number of units to be rehabilitated
 - Income characteristics of the area in which the rehabilitation is to be carried out
 - Number of units to be rehabilitated for low- and moderate-income households
 - Amount spent on each unit to be rehabbed for low- and moderate-income households
- ✓ Progress reports
- ✓ Release of liens and warranties signed by the contractor and any subcontractors

Labor Standards

- ✓ Federal and state wage rates, as applicable
- ✓ Construction bid and awards
- ✓ Contracts containing proper and applicable labor standards provisions
- ✓ Notice of Contract Award and Notice to Proceed
- ✓ Change orders
- ✓ Weekly payrolls from prime and subcontractors
- ✓ Payroll Deduction Authorizations
- ✓ Employee interview forms
- ✓ Overtime waivers
- ✓ Evidence that the contractor posted the wage rate decision and wage rate poster at the job site (with the date and time noted by inspector)
- ✓ Documentation of resolution of any underpayment or nonpayment of wages

Procurement

- ✓ Procurement Code

- ✓ Professional services contract procurement files
- ✓ Construction contract procurement files
- ✓ Evidence of MBE/WBE outreach efforts and listing
- ✓ Contract/Subcontract Activity Report
- ✓ Section 3 Plan and evidence of outreach efforts
- ✓ Notice of Contract Award and Notice to Proceed
- ✓ Signed contract with scope of work
- ✓ Documentation of three price quotes for small purchases
- ✓ Copies of all bids received and bid tabulation for competitive sealed bids
- ✓ RFQ/RFP, responses to RFQ/RFP, and written basis for selection for competitive negotiation awards
- ✓ Documentation that the contractor performing the grant administration is a Certified Administrator, if applicable
- ✓ Evidence of a wage rate modification obtained from DLG, if contract was awarded after 90 days.
- ✓ Written statement explaining why each low bidder was deemed non-responsible or non-responsive, if contract not awarded to lowest bidder.

Relocation/Displacement

- ✓ Residential Anti-displacement and Relocation Assistance Plan
- ✓ One-for-One Replacement Summary Grantee Performance Report
- ✓ Relocation file for each relocated or displaced household
 - Documentation of owner receiving reimbursement for moving expenses
 - Receipts of moving expenses to document cost reasonableness
 - Various forms, as required (see Chapter 9: Acquisition)

Chapter 9: Acquisition

Monitoring

- ✓ State letters of findings/recommendations
- ✓ Grantee response to letter of findings
- ✓ State response to clearance of findings
- ✓ Other correspondence related to compliance assistance reviews and technical assistance visits

Grant Close-out

- ✓ Close-out Public Hearing Notice and comments/responses
- ✓ Project Completion Report (PCR)