



Table of Contents

List of Attachments	i
Glossary of Terms and Acronyms	viii
Introduction	xviii
The Kentucky CDBG Program	xviii
Administrators' Handbook	xx
Other Resources and Information.....	xxi
Chapter 1: Project Administration	1-1
Introduction	1-1
Section 1-A. Certified Grant Administrator Requirement	1-1
<i>Certification Requirements</i>	1-1
Section 1-B. Grant Award Procedures.....	1-2
<i>Background Information</i>	1-2
<i>Steps in the Process</i>	1-2
<i>Grant Agreement Provisions</i>	1-2
Section 1-C. Release of Grant Funds	1-3
<i>Evidentiary Materials Required</i>	1-3
<i>Request for Approval of Evidentiary Materials and Release of Funds</i>	1-4
Section 1-D. Citizen Participation and Grievance Procedures.....	1-4
<i>Citizen Participation</i>	1-5
<i>Public Notice/Advertisement Requirements</i>	1-6
<i>Grievance Procedures</i>	1-7
Section 1-E. Conflict of Interest.....	1-8
<i>Requirements and Persons Covered</i>	1-8
Section 1-F. Meeting a National Objective	1-9
Section 1-G. Project Signage	1-10
Section 1-H. Drug-Free Workplace	1-10
Section 1-I. Applicable Laws and Regulations	1-11
<i>General Statutes and Regulations</i>	1-11
<i>Acquisition/Relocation</i>	1-11
<i>Fair Housing, Equal Opportunity and Accessibility</i>	1-11
<i>Environmental</i>	1-12
<i>Financial Management</i>	1-13
<i>Housing Rehabilitation (see also Fair Housing)</i>	1-13
<i>Labor Standards</i>	1-13
<i>Procurement and Contracting</i>	1-13
Section 1-J. Maintaining Records	1-14
<i>National Objectives</i>	1-14
<i>Application</i>	1-15
<i>Grant Agreement</i>	1-15
<i>Acquisition</i>	1-15
<i>Audit</i>	1-16
<i>Citizen Participation</i>	1-16
<i>Fair Housing and Equal Opportunity</i>	1-16
<i>Contracts</i>	1-17
<i>Economic Development</i>	1-17
<i>Environmental Review</i>	1-18
<i>Financial Management</i>	1-18



<i>Housing</i>	1-19
<i>Labor Standards</i>	1-20
<i>Procurement</i>	1-20
<i>Relocation/Displacement</i>	1-21
<i>Monitoring</i>	1-21
<i>Grant Close-out</i>	1-21
Chapter 2: Environmental Review	2-1
Introduction	2-1
Section 2-A. Applicable Regulations	2-1
Section 2-B. Legal Responsibilities	2-1
<i>The Responsible Entity</i>	2-1
<i>Environmental Certifying Officer</i>	2-2
<i>Environmental Review Record</i>	2-2
Section 2-C. Actions Triggering Environmental Review and Limitations Pending Clearance.....	2-3
<i>Actions Triggering the Requirements of Part 58</i>	2-3
<i>Limitations Pending Environmental Clearance</i>	2-3
Section 2-D. Classifying Activities and Conducting the Review	2-5
<i>Exempt Activities</i>	2-6
<i>Categorically Excluded Not Subject to Part 58.5 Activities</i>	2-7
<i>Categorically Excluded Subject to Part 58.5 Activities</i>	2-8
<i>Projects in Floodplains and Wetlands (24 CFR Part 55)</i>	2-11
<i>Circumstances Requiring NEPA Review</i>	2-18
<i>Activities Requiring an Environmental Assessment</i>	2-18
<i>Environmental Impact Statement</i>	2-20
Section 2-E. Re-Evaluation of Previously Cleared Projects	2-20
Section 2-F. Environmental Reviews Prepared by or for Other Federal Agencies.....	2-20
Chapter 3: Financial Management	3-1
Introduction	3-1
Section 3-A. Applicable Requirements	3-1
Section 3-B. Establishing a Financial Management System	3-2
<i>Overview</i>	3-2
<i>Requirements</i>	3-2
<i>Internal Controls</i>	3-3
<i>Accounting Records</i>	3-3
<i>Budget Controls</i>	3-4
<i>Source Documentation</i>	3-4
<i>Receipt of Funds Procedures</i>	3-4
<i>Payment Procedures</i>	3-4
<i>Bank Accounts</i>	3-5
<i>Forms</i>	3-5
<i>Allowable Costs</i>	3-6
<i>Administrative Costs</i>	3-6
<i>Matching Funds</i>	3-7
<i>Asset Management</i>	3-7
Section 3-C. Program Income, Miscellaneous Revenue and LDA Proceeds.....	3-7
<i>Overview</i>	3-7
<i>What Is Program Income</i>	3-8
<i>Program Income Funds and Close-Out</i>	3-9
<i>Use of Program Income</i>	3-10
<i>Approval for Use Request for Program Income and Miscellaneous Revenue</i>	3-10
<i>Transfer of Program Income and Miscellaneous Revenue</i>	3-10

<i>Accounting Systems for Program Income and Miscellaneous Revenue.....</i>	3-10
<i>Revolving Funds.....</i>	3-11
<i>Development of Revolving Fund Guidelines.....</i>	3-12
<i>Subrecipients and Revolving Funds.....</i>	3-13
<i>Waiver of Requirements.....</i>	3-13
<i>Monitoring of Revolving Funds.....</i>	3-13
<i>Reporting of Revolving Funds.....</i>	3-13
<i>Subrecipients and Reporting.....</i>	3-14
<i>Monitoring</i>	3-14
<i>LDA Proceeds.....</i>	3-14
<i>Use of LDA Proceeds.....</i>	3-14
<i>Transfer of LDA Proceeds.....</i>	3-14
<i>Monitoring of LDA Proceeds.....</i>	3-14
<i>Reporting of LDA Proceeds</i>	3-15
Section 3-D. Requests for Payment	3-15
<i>Procedures.....</i>	3-15
<i>Request for Payment Form Completion.....</i>	3-15
Section 3-E. Audits	3-17
<i>Audit Requirements.....</i>	3-17
<i>The Audit Process.....</i>	3-18
<i>The Audit Report.....</i>	3-19
<i>Deadline and Submission</i>	3-20
Chapter 4: Procurement	4-1
Introduction	4-1
Section 4-A. KCDBG Procurement Code	4-1
Section 4-B. Overall Procurement Requirements	4-1
<i>Environmental Review and Bidding</i>	4-1
<i>Minority Business Enterprises/Women Business Enterprises (MBE/WBE)</i>	4-2
<i>Section 3 Economic Opportunities.....</i>	4-3
<i>Conflicts of Interest</i>	4-4
Section 4-C. Methods of Procurement.....	4-4
<i>Small Purchase Procedures.....</i>	4-4
<i>Competitive Sealed Bids.....</i>	4-5
<i>Competitive Negotiation.....</i>	4-6
<i>Non-Competitive Negotiations</i>	4-7
Section 4-D. Other Procurement Issues	4-7
<i>Bid Overages</i>	4-7
<i>Deductible Alternates.....</i>	4-8
<i>Grant Administration Services.....</i>	4-9
<i>Front-end Costs</i>	4-9
<i>Private Sector Entities.....</i>	4-9
<i>Sales Tax on CDBG Projects.....</i>	4-10
Section 4-E. Procurement of Professional Services	4-10
<i>Step 1: Establish a Contract Procurement File</i>	4-10
<i>Step 2: Solicit Proposals</i>	4-10
<i>Step 3: Review Submissions.....</i>	4-11
<i>Step 4: Prepare a Contract</i>	4-11
Section 4-F. Procurement of Construction Services	4-12
<i>Step 1: Establish a Contract Procurement File</i>	4-12
<i>Step 2: Bid the Contract.....</i>	4-12
<i>Step 3: Issue Addenda.....</i>	4-13



Step 4: Confirm Wage Rates	4-13
Step 5: Open Bids.....	4-13
Step 6: Award the Contract.....	4-13
Step 7: Notify DLG and Execute the Contract.....	4-14
Chapter 5: Contracting	5-1
Introduction	5-1
Section 5-A. General Contract Requirements	5-1
<i>General Contract Contents</i>	5-1
Section 5-B. Contract Provisions	5-2
<i>Non-Construction Contracts</i>	5-2
<i>Construction Contracts</i>	5-2
<i>Subcontracting</i>	5-3
Section 5-C. Bonding Requirements.....	5-3
Section 5-D. Subrecipient Agreements.....	5-4
<i>When is an Entity not Considered a Subrecipient?</i>	5-4
<i>Written Agreements with Subrecipients</i>	5-4
Section 5-E. Public Agency Contracts	5-5
Section 5-F. Intergovernmental and Cooperative Agreements	5-6
Section 5-G. Reporting Requirements	5-6
Chapter 6: Labor Standards and Construction Management	6-1
Introduction	6-1
Section 6-A. Pre-Bidding Requirements	6-1
<i>Property Acquisition Issues</i>	6-1
Section 6-B. Determining Applicability of Labor Provisions	6-2
<i>Federal Requirements</i>	6-2
<i>State Requirements</i>	6-3
Section 6-C. Bidding and Contracting Requirements	6-3
<i>Preparing Bid Packages to Meet Federal and State Labor Standards Provisions</i>	6-4
<i>Preparing Contracting Procedures to Meet Equal Opportunity Requirements</i>	6-5
<i>Other Bidding and Contracting Requirements</i>	6-7
Section 6-D. Pre-Construction Requirements.....	6-7
<i>Pre-construction Conferences</i>	6-7
<i>Notice to Proceed</i>	6-10
<i>Contract File Review</i>	6-10
Section 6-E. Payroll Review Requirements	6-11
Section 6-F. Construction Management Requirements.....	6-12
<i>General</i>	6-12
<i>Labor Standards Requirements</i>	6-12
<i>Wage Restitution</i>	6-14
<i>Semi-Annual Labor Standards Enforcement Reports</i>	6-15
<i>Section 5.7 Enforcement Report</i>	6-15
<i>Equal Opportunity Requirements</i>	6-16
Section 6-G. Review and Payments	6-16
<i>Progress Payments</i>	6-16
<i>Change Orders</i>	6-17
<i>Final Payment</i>	6-17
Section 6-H. Documentation Requirements.....	6-18

Chapter 7: Fair Housing and Equal Opportunity	7-1
Introduction	7-1
Section 7-A. Fair Housing and Nondiscrimination.....	7-1
<i>Fair Housing Activities.....</i>	7-2
<i>Nondiscrimination.....</i>	7-2
<i>Housing Activities and Fair Housing</i>	7-4
Section 7-B. Accessibility	7-5
<i>Program Accessibility.....</i>	7-5
<i>Communication.....</i>	7-6
<i>Accessibility in Housing and Non-Housing Activities</i>	7-8
<i>Self-Evaluation.....</i>	7-10
<i>Special Requirements for Grantees with 15 or More Employees</i>	7-11
Section 7-C. Employment and Contracting	7-12
<i>Employment.....</i>	7-12
<i>Contracting.....</i>	7-13
Section 7-D. Record Keeping and Monitoring	7-13
<i>Fair Housing Records</i>	7-14
<i>Direct Benefit Records</i>	7-14
<i>Employment Records.....</i>	7-15
<i>Section 504 Records.....</i>	7-15
<i>Monitoring</i>	7-16
<i>HUD FHEO Compliance and Monitoring.....</i>	7-16
Chapter 8: Relocation under the URA and 104(d).....	8-1
Introduction	8-1
Section 8-A. Overview	8-1
<i>Applicable Regulations.....</i>	8-1
<i>Overview of Requirements.....</i>	8-1
Section 8-B. Definitions	8-2
<i>Who Is Displaced under the URA and CDBG?.....</i>	8-2
<i>Persons Not Considered Displaced</i>	8-4
<i>Initiation of Negotiations (ION)</i>	8-6
<i>Project.....</i>	8-6
Section 8-C. General Relocation Requirements under the URA	8-7
<i>Planning for Relocation.....</i>	8-7
<i>Advisory Services, Including Relocation Notices</i>	8-8
Section 8-D. Residential Displacement under the URA	8-10
<i>Advisory Services for Displaced Households.....</i>	8-10
<i>Comparable Replacement Dwelling Units.....</i>	8-10
<i>Replacement Housing Payments.....</i>	8-12
<i>Replacement Housing Assistance for 90-Day Homeowners</i>	8-12
<i>Replacement Housing Payments for Displaced Tenants.....</i>	8-12
<i>Payment for Residential Moving and Incidental Expenses</i>	8-14
Section 8-E. Temporary Relocation.....	8-16
<i>Temporary Relocation of Owner-Occupants in Rehabilitation Projects</i>	8-17
<i>Temporary Relocation of Tenants in Rehabilitation Projects</i>	8-18
Section 8-F. Non-Residential Relocation under the URA.....	8-19
<i>Business versus Residential Assistance.....</i>	8-20
<i>Advisory Services.....</i>	8-20
<i>Notices and Inspections</i>	8-21
<i>Reimbursement of Actual Moving Expenses</i>	8-22



<i>Reestablishment Expenses</i>	8-24
<i>Ineligible Expenses</i>	8-25
<i>Fixed Payments</i>	8-25
Section 8-G. Relocation Requirements under Section 104(d)	8-27
<i>Eligibility</i>	8-27
<i>Amount of Assistance</i>	8-27
<i>Total Tenant Payment (TTP)</i>	8-29
Section 8-H. Section 104(d) One-for-One Unit Replacement.....	8-30
<i>Dwelling Units That Must Be Replaced</i>	8-30
<i>Criteria for Replacement Units</i>	8-31
<i>Grantee Submission Requirements</i>	8-32
<i>Exception to One-for-One Replacement</i>	8-33
<i>Procedure for Seeking an Exception</i>	8-33
Section 8-I. Record Keeping	8-33
<i>Records on Displaced Persons</i>	8-34
<i>Records of Persons Not Displaced</i>	8-35
<i>Records of Occupants in Private Owner Rehabilitation Projects</i>	8-36
<i>Records on Voluntarily Relocated Households</i>	8-36
Section 8-J. Appeals	8-36
Chapter 9: Acquisition	9-1
<i>Introduction</i>	9-1
Section 9-A. General Acquisition Requirements	9-1
Section 9-B. Voluntary Acquisitions and Donations	9-2
(1) <i>Voluntary Acquisition by a Grantee or Persons Acting on Behalf of a Grantee with the Power of Eminent Domain</i>	9-3
(2) <i>Voluntary Acquisition by Organizations without the Power of Eminent Domain (Including Nonprofits and Individuals)</i>	9-4
(3) <i>Purchases—Voluntary Acquisition of Government Property</i>	9-5
<i>Donations of Property</i>	9-5
Section 9-C. Involuntary Acquisitions	9-5
<i>Use of CDBG Funds and Eminent Domain</i>	9-5
<i>Easements</i>	9-6
<i>Involuntary Transaction Requirements</i>	9-6
<i>Appraisals</i>	9-10
<i>Establishing Just Compensation</i>	9-13
<i>Negotiating the Purchase</i>	9-14
<i>Closing the Sale or Condemnation</i>	9-14
<i>Appeals</i>	9-15
<i>Who May Appeal</i>	9-16
<i>Basis for Appeals</i>	9-16
<i>Review of Appeals</i>	9-16
Section 9-D. Record Keeping	9-16
<i>Replacement Housing Assistance for 90-Day Homeowners</i>	9-17
Chapter 10: Housing	10-1
<i>Introduction</i>	10-1
Section 10-A. Eligible Activities and National Objectives	10-1
<i>Ineligible Activities</i>	10-2
<i>Meeting a National Objective</i>	10-3
Section 10-B. Program Guidelines	10-3
<i>Types of Financial Assistance</i>	10-4
<i>Applicant Eligibility</i>	10-6



<i>Property Eligibility</i>	10-7
<i>Property Standards</i>	10-8
<i>Contracting Requirements</i>	10-8
<i>Relocation Requirements</i>	10-9
<i>Grievance Procedures</i>	10-9
<i>Maintenance Agreements</i>	10-10
Section 10-C. Implementing Housing Rehabilitation	10-10
<i>Determining Staffing</i>	10-10
<i>Marketing</i>	10-10
<i>Screening Applicants</i>	10-11
<i>Performing Work Write-Ups and Cost Estimates</i>	10-12
<i>Executing Agreements with Beneficiaries</i>	10-15
<i>Contracting for Rehabilitation</i>	10-15
<i>Preparing the Contract</i>	10-17
<i>Contract Award and Monitoring</i>	10-18
Section 10-D. Record Keeping	10-20
Section 10-E. Eligible Activities and National Objectives	10-21
<i>Ineligible Activities</i>	10-23
<i>Meeting a National Objective</i>	10-23
Section 10-F. Implementing Involuntary Programs	10-25
<i>Additional Requirements for Rental Housing Rehabilitation Projects</i>	10-26
Chapter 11: Economic Development	11-1
Introduction	11-1
Section 11-A. Eligible Activities and National Objectives	11-1
<i>Eligible Activities</i>	11-1
<i>Ineligible Activities</i>	11-2
<i>Meeting a National Objective</i>	11-3
Section 11-B. Agreements, Loan/Lease Documents, Security Requirements and Closings	11-5
<i>Legally Binding Agreements</i>	11-5
<i>Loan/Lease Documents</i>	11-6
<i>Security</i>	11-7
<i>Loan Closings</i>	11-7
Section 11-C. Public Benefit	11-8
<i>Ratio and Use of Public and Private Funds</i>	11-8
<i>Public Benefit Standards</i>	11-10
Section 11-D. Applicability of Other Requirements	11-12
Chapter 12: Amendments and Monitoring	12-1
Introduction	12-1
Section 12-A. Project/Budget Amendments	12-1
<i>When an Amendment Is Required</i>	12-1
<i>Procedures for Project/Budget Amendments</i>	12-1
<i>Project/Budget Amendment Checklist</i>	12-2
<i>When Projects Cost Less than Planned</i>	12-3
Section 12-B. Monitoring/Technical Assistance	12-3
<i>Overview</i>	12-3
<i>The Monitoring Process</i>	12-3
<i>Exhibit 1: KY CDBG Monitoring Process Flow Chart</i>	12-6



Chapter 13: Project Closeout.....	13-1
Introduction	13-1
Section 13-A. Overview of the Closeout Process.....	13-1
Section 13-B. Public Hearing.....	13-1
Section 13-C. Project Completion Report.....	13-2
<i>Completing the PCR</i>	13-2
Section 13-D. Notice of Completion and Closeout Letter.....	13-3
Section 13-E. Record Retention	13-4
Section 13-F. Change of Use Restrictions.....	13-4