



CITY OF HOUSTON
Housing & Community Development
Department

Interoffice

Correspondence

To: Randall V. Macchi, JD
Director, Houston Public Works

From: Michael C. Nichols, Director
Housing and Community Development
Department

Date: April 28, 2025

Subject: Letter of Agreement between the
Housing and Community Development
Department and Houston Public Works
for the **CDBG-MIT Cambridge Village
Park and Ramblewood Neighborhood
Drainage and Paving Improvements
Project**

Attached herewith we are transmitting to you for your review and acceptance of one copy of each of the following materials:

Attachment I	Scope of Work
Attachment II	Detailed Budget
Attachment III	Scope of Services
Attachment IV	CDBG-MIT Quarterly Progress Report Infrastructure Projects
Attachment V	Federal Contract Requirements
Attachment VI	Federal Register Notices
Attachment VII	Debarment and Suspension Certificate
Attachment VIII	Lobbying Certificate

By your acceptance of these materials, it is agreed that Houston Public Works ("HPW") and the Housing and Community Development Department ("HCDD") shall jointly assume and perform the activities specified in this Letter of Agreement ("Agreement"). The performance period for this Agreement will be from the date of the last signatory on page 2 of this Agreement to **December 31, 2026**.

This Agreement will help to clearly identify and achieve the goals and objectives set forth in the scope of work (Attachment I), within the total amount of funds specified in the Detailed Budget (Attachment II). Furthermore, performance of the stated activities shall comply with the Community Development Block Grant ("CDBG") regulations at Title 24

Code of Federal Regulations ("C.F.R.") Part 570 and appropriate program standards as determined by HUD and HCDD.

Throughout the term of this Agreement, HPW shall submit progress reports on a monthly and quarterly basis and approve and submit all requests for payments under this Agreement to HCDD to ensure timely expenditure of CDBG-MIT funds and compliance with the U.S. Department of Housing & Urban Development (HUD) regulations governing the CDBG-MIT Program. This Agreement may be extended pursuant to a written instrument that has been executed by each Department's Director¹. A request to increase funding or make any material changes to the Scope of Work shall require an underwriting review by HCDD to ensure changes comply with CDBG regulations at 24 C.F.R. Part 570. In addition to this review, a formal amended Agreement shall be drafted, approved, and executed by both parties.

Please review and sign a copy of this Agreement, including the Attachments hereto, and return all original copies to HCDD.

DocuSigned by:

BE463EF0DE454EB
Randall V. Macchi, JD
Director, Houston Public Works

5/5/2025

Date

DocuSigned by:

738A192FDF024CF
Michael C. Nichols, Director
Housing and Community
Development Department

5/16/2025

Date

¹ "Director" shall mean the Director or Interim Director of a City of Houston ("City") department or their designee.

ATTACHMENT I

SCOPE OF WORK

This Interdepartmental Letter of Agreement ("Agreement") entered into between the Housing and Community Development Department ("HCDD"), and Houston Public Works ("HPW") provides as follows:

I. PURPOSE OF AGREEMENT

The purpose of this Agreement is to provide guidance regarding the expenditure of \$9,537,749.00 in Community Development Block Grant Mitigation ("CDBG-MIT") funds for construction of neighborhood infrastructure projects, including but not limited to, flood drainage and paving improvements, which will benefit a Low-Mod area, at least 51% of whom are low- to moderate-income persons ("Project").

This Agreement allocates a total amount of \$9,537,749.00 ("Maximum Allocated Amount") of CDBG-MIT funds.

A. Eligibility of Activity

HCDD has determined this Project qualifies as an eligible activity under the CDBG Regulations at **24 C.F.R. §570.201(c), Public Facilities and improvements**, which states:

"Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements...carried out by the recipient or other public or private nonprofit entities."

1. All work to be performed under this Agreement for and in consideration of payment shall meet pre-eligibility requirements established by HCDD personnel, through submission of required material to HCDD for a determination as to the eligibility of the work to be performed.
2. For projects that are eligible for CDBG-MIT funds based on area-wide benefits to low- and moderate- income households, data will be collected from the 2010 Census and Zoning requirements in which the project is located.

B. National Objectives

This Project must meet one of the CDBG program's National Objectives, as set forth in 24 C.F.R. §570.208.

HPW certifies that the Project as carried out under this Agreement will meet the following National Objective:

24 C.F.R. § 570.208(a) (1)(i) "Activities benefiting low-and-moderate income persons":

"An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low- and moderate-income persons."

C. Federal Award Identification

The City Council of the City of Houston ("City Council") acting pursuant to City of Houston Ordinance No. 2020-0137 passed and approved on February 19, 2020, authorized the submission of an Action Plan for Mitigation ("Action Plan"), including an Application for Community Development Block Grant Mitigation ("CDBG-MIT") funds associated with the CDBG-DR qualifying federally declared disasters in 2015, 2016, and 2017, to the United States Department of Housing and Urban Development ("HUD") and later entered into a Grant Agreement with HUD ("Grant Agreement") to receive federal funding for a CDBG-MIT Project. The Application was approved, and the City was awarded a direct allocation in the amount of \$61,884,000.00 in CDBG-MIT funds on May 5, 2021, under Federal Award Identification (FAIN) No. B-18-MP-48-0001. The federal funds are made available under the Catalog of Federal Domestic Assistance (CFDA) No. 14.218, Community Development Block Grant/Entitlement Grants. The award will not be used for Research and Development.

II. **SCOPE OF SERVICE**

HPW will be responsible for managing the design and construction of the Project and overseeing the bidding selection of contractors to ensure compliance with all local, state and federal ordinances, regulations and laws relating to the Project ("Applicable Laws").

A. Activities

Cambridge Village Park Drainage and Paving Improvements Project includes the construction of a 7'x4' RCB storm sewer, dry bottom detention pond, and the reconstruction of park amenities within Cambridge Village Park to provide mitigation and outfall for the Ramblewood Storm Sewer Improvements project. Park amenities include an 8' wide concrete trail, tree preservation, landscape improvements, pedestrian lighting, playground equipment, a soccer field, and irrigation systems. Park amenities removed during the construction phase will be replaced with current standard equipment.

This project is generally bounded by bounded by Nitida Street on the west, Tidewater Drive on the south, HPD facility on the north, and the Ramblewood neighborhood to the east.

Ramblewood Neighborhood Drainage and Paving Improvements Project involves construction of 7-feet by 3-feet and 4-feet by 3-feet reinforced concrete boxes, B-B Inlets, and 6-inch-thick reinforced concrete pavement on half of Lotus Street and half of Buxley Street, 6-inch concrete curb, and 4-foot-wide sidewalk. The

construction also includes new storm drainage systems and water line offsets to accommodate proposed drainage improvements.

This project is generally bounded by the west end of Lotus Street and extends east to Buxley Street then continues north to the end of Buxley Street. In addition, it includes Woodmont Drive and Avonelle Lane, Woodmont Drive and Grantmoor Lane, and is at the west end of Brookston Street.

III. **TIME OF PERFORMANCE**

The Performance Period for the activities described in this Agreement shall begin on the Effective Date stated on page 2 of this Agreement and shall end on **December 31, 2026**, or upon the expenditure of the CDBG-MIT funds in the amount of \$9,537,749.00 , whichever occurs first.

A. Budget

HPW shall provide a detailed budget which shall be agreed by the Director of HPW, agreed by the Director of HCDD, and set forth in Attachment II – Budget of this Agreement. The Budget shall show a breakdown on the use of the \$9,537,749.00 provided under this Agreement, and all other funding sources associated with the Project.

HPW shall track all CDBG-MIT expenditures and provide reporting requirements information on a monthly and quarterly basis to ensure timely expenditure of funds (see Section VI, Administrative Requirements).

IV. **PROGRAM STANDARDS**

HPW shall operate in a manner consistent with Applicable Laws, which are by reference incorporated into this Agreement, including but not limited to the following:

- a) Code of Ordinances of the City of Houston;
- b) Housing and Community Development Act of 1974, as amended.
- c) 2 C.F.R. Part 200.
- d) Community Development Block Grant regulations set forth at 24 C.F.R. Part 570.
- e) Applicable local, state, and federal laws.
- f) Rules and Regulations of Houston Public Works; and
- g) Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Mitigation Grantees, 84 Fed. Reg. 45838-01 (August 30, 2019) – Billing Code: 4210-67-P Department of Housing and Urban

Development [Docket No. FR-6109-N-02] (Pub. L. 116-20), attached hereto as Attachment VI.

Work provided under this Agreement shall also be performed in accordance with the following sections of 2 C.F.R. Part 200, as applicable, including but not limited to the following:

- ◆ Section 200.0.
- ◆ Section 200.1-99, "Definitions";
- ◆ Section 200.102, "Exceptions";
- ◆ Section 200.206, "Federal awarding agency review of risk posed by applicants";
- ◆ Section 200.302, "Financial Management";
- ◆ Section 200.305(b), "Payment", except as modified by 24 C.F.R. § 570.513;
- ◆ Section 200.403, "Factors affecting allowability of costs";
- ◆ Section 200.408, "Limitation on allowance of costs";
- ◆ Part 200, Subpart F, "Audit Requirements";
- ◆ Section 200.313, "Equipment";
- ◆ Section 200.314, "Supplies";
- ◆ Section 200.448, "Intellectual property";
- ◆ Section 200.214, "Suspension and debarment";
- ◆ Section 200.318, "General procurement standards";
- ◆ Section 200.332, "Requirements for pass-through entities";
- ◆ Section 200.329, "Monitoring and reporting program performance", except paragraphs (c) through (e), and paragraph (g);
- ◆ Section 200.328, "Financial reporting";
- ◆ Section 200.334, "Retention requirements for records", with the exceptions listed at 24 C.F.R. § 570.502(a)(7);
- ◆ Section 200.337, "Access to records";

- ◆ Section 200.339, "Remedies for noncompliance";
- ◆ Section 200.340, "Termination";
- ◆ Section 200.345, "Post-closeout adjustments and continuing responsibilities"; and
- ◆ Section 200.346, "Collection of amounts due".

V. GENERAL CONDITIONS

A. General Compliance

HPW agrees to comply with the requirements of 24 C.F.R. Part 570 covering the CDBG Program, including subpart K of these regulations, except that (1) HPW does not assume HCDD's environmental responsibilities described in 24 C.F.R. § 570.604, and (2) HPW does not assume HCDD's responsibility for initiating the review process under the provisions of 24 C.F.R. Part 52.

B. Insurance & Bonding

HPW shall ensure the General Contractor complies with the bonding and insurance requirements of 2 C.F.R. § 200.304, "Bonds".

C. Recognition

HPW shall ensure recognition of the role of HCDD in providing grant funds for work performed pursuant to this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall prominently display the CDBG-MIT Program as a funding source. In addition, HPW shall include a reference to the support provided herein in all publications that the Project was made possible with CDBG-MIT funds made available under this Agreement.

D. Amendments

HPW or HCDD may further amend this Agreement at any time provided that such amendments make specific reference to this Agreement, are executed in writing, and signed by a duly authorized representative of each City department identified in the opening paragraph of this Agreement.

Extensions and/or Budget Modifications to this Agreement will only be valid pursuant to a written instrument that has been executed by each department Director, or that Director's designee, as identified in writing prior to the discussion of amending this Agreement, identified in the opening paragraph of this Agreement.

Any request to increase funding or make any material changes to the Scope of Work of this Agreement shall require an underwriting review by HCDD to ensure changes comply with CDBG Regulations at 24 C.F.R. Part 570. In addition to this review, a

formal amendment or amended and restated agreement shall be drafted, approved, and executed by all parties.

E. Suspension or Termination

In accordance with 2 C.F.R. § 200.338 and 2 C.F.R. § 200.339, each Party may suspend or terminate this Agreement if the other Party materially fails to comply with any terms of this Agreement and does not address the compliance issue(s) to the full and complete satisfaction of the enforcing Party within 30 days after the date on which a written detailed notice of non-compliance is received by the other Party, unless an extended period of time to cure is allowed by the enforcing Party, which include (but are not limited to), the following:

1. Failure to materially comply with any applicable statutes, rules, regulations, laws, and terms, conditions, or provisions set forth in this Agreement, or such statutes, regulations, executive orders or HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of HPW to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of funds provided under this Agreement; or
4. Submission of reports by HPW to HCDD that are incorrect or incomplete in any material respect.

In accordance with 2 C.F.R. § 200.339, this Agreement may also be terminated for convenience by either HCDD or HPW, provided that the terminating party has given notice to the other party of such intention at least thirty (30) days prior to the termination of the Agreement, by setting forth the reasons for such termination, the effective date and, in the case of partial termination, the portion to be terminated. However, if in the case of partial termination, HCDD determines that the remaining portion of the Agreement will not accomplish the purpose for which the award was made; HCDD may terminate the Agreement in its entirety.

F. Public Works Laws

To the extent applicable, HPW shall comply with all public works laws, regulations, and ordinances, including but not limited to those related to prevailing wages, retainage, bonding, and use of licensed contractors, as they relate to its performance under this Agreement.

G. Duplication of Benefits

Under the requirements of Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act and all applicable Federal Register notices, including FR-6169-N-01 (June 20, 2019), as interpreted and applied by HUD, HPW agrees to report

funds provided by any federal, state, or local government entity, or non-profit or private source intended for the same purpose.

HPW agrees that all duplicative funding received must be remitted to or accounted for by the Project, regardless of when it is received by HPW. If HPW receives additional funding for the same purpose as the funding award, including after the Agreement is executed or services are completed, HPW is required to report the additional funding to HCDD. Any additional funds paid to HPW for the same purpose after the services are completed must be returned to HCDD.

H. Supplanting

HPW agrees to use funds to supplement rather than supplant funds otherwise available. HPW shall document any awarded funds that are above and beyond any annual appropriations provided for the same purpose. CDBG-MIT funds may be utilized after all other funds available to provide benefits to HPW for the same purpose funds have been expended. Any supplanting of funds will be treated as a duplication of benefits or fraud, waste, and abuse, and is subject to recapture under the terms of the Agreement.

I. Preservation of Contracting Information

1. HPW shall ensure that the agreement with the General Contractor includes the following subsections.

- (a) The requirements of Subchapter J, Chapter 552, Texas Government Code, may apply to this Agreement and the General Contractor agrees that this Agreement can be terminated if the General Contractor knowingly or intentionally fails to comply with a requirement of that subchapter. If the requirements of Subchapter J, Chapter 552, Texas Government Code, apply to this Agreement, then for the duration of this Agreement (including the initial term, any renewal terms, and any extensions), General Contractor shall preserve all Contracting Information, as defined by Section 552.003 of the Texas Government Code, related to this Agreement as provided by the records retention requirements applicable to the City pursuant to federal or state law or regulation, city ordinance or city policy, which record retention requirements include but are not limited to those set forth in Chapters 201 and 205 of the Texas Local Government Code and Texas Administrative Code Title 13, Chapter 7. Within five business days after receiving a request from the Director, General Contractor shall provide any Contracting Information related to this Agreement that is in the custody or possession of General Contractor. Upon the expiration or termination of this Agreement, General Contractor shall, at the Director's election, either (a) provide, at no cost to the City, all Contracting Information related to this Agreement that is in the custody or possession of General Contractor, or (b) preserve the Contracting Information related to this Agreement as provided by the

records retention requirements applicable to the City pursuant to federal or state law or regulation, city ordinance or City policy.

(b) If General Contractor fails to comply with any one or more of the requirements of this Section, Preservation of Contracting Information, or Subchapter J, Chapter 552, Texas Government Code, then, in accordance with and pursuant to the processes and procedures set forth in Sections 552.373 and 552.374 of the Texas Government Code, the Director shall provide notice to the General Contractor and may terminate this Agreement. To effect final termination, the Director must notify the General Contractor in writing with a copy of the notice to the CPO. After receiving the notice, General Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

VI. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards

HPW agrees to comply with 2 C.F.R. Part 200, including but not limited to: 2 C.F.R. § 200.302; 2 C.F.R. § 200.305 (b); 2 C.F.R. § 200.309; 2 C.F.R. § 200.306; 2 C.F.R. § 200.307; 2 C.F.R. § 200.403; 2 C.F.R. § 200.408; and 2 C.F.R. Part 200, Subpart F, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

HPW shall administer the Project in conformance with 2 C.F.R. Part 200, Subpart E, "Cost Principles", as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. Documentation and Record Keeping

1. Records to be Maintained

HPW and HCDD, as applicable, shall maintain all records required by federal regulations specified in 24 C.F.R. § 570.506 that are pertinent to the Project to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of work undertaken and Project location pertinent to the CDBG-MIT HUD Goals;

- b. Records demonstrating that all work undertaken meets one of the National Objectives of the CDBG Program;
- c. Records required to determine the eligibility of the Project;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-MIT funds;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG Program;
- f. Financial records as required by 24 C.F.R. § 570.502, 2 C.F.R. § 200.327, and 2 C.F.R. § 200.8; and
- g. Other records necessary to document compliance with Subpart K of 24 C.F.R. Part 570.

2. Closeout

HPW's obligation to HCDD shall not end until all closeout requirements are completed (excluding any provisions that survive the termination of this Agreement including, but not limited to, records retention requirements). Activities during this closeout period shall include, but are not limited to, making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to HCDD), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that HPW has control over CDBG-MIT funds, including program income.

3. Retention

HPW and HCDD shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of HCDD's annual performance and evaluation report to HUD in which the Project assisted under the Agreement is reported on for the final time. 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 expiration of the four-year period, then such records must be retained until completion of the actions and resolutions of all issues, or the expiration of the four-year period, whichever occurs later.

4. Audits & Inspections

Subject to attorney-client privilege and other legal, professional, and confidentiality obligations, all HCDD and HPW records with respect to any matters covered by this Agreement shall be made available to HPW or HCDD

(respectively), grantor agency, HUD, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, inspect, monitor, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by HPW or HCDD within 30 days after receipt by HPW or HCDD. Failure by either party to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments.

C. Reporting and Payment Procedures

1. Program Income

This project is not subject to Program Income. It is not anticipated that any program income (as defined at 24 C.F.R. § 570.500(a)) will be generated from this Project. Should program income come into play for any reason during the term of this Agreement, it shall be immediately returned to HCDD.

2. Indirect Costs

If indirect costs are charged, HPW shall develop an indirect cost allocation plan for determining the appropriate share of HPW's administrative costs and shall submit such plan to HCDD for review and approval, as required by 2 C.F.R. § 200.414.

3. Payment Procedures

With the prior written approval of HCDD, HPW shall draw down funds available under this Agreement for reimbursement of costs incurred monthly, from the City's accounting database for line items consistent with the approved Detailed Budget. All reimbursements to HPW shall require the prior approval of HCDD, must be accompanied by a Request for Payment, invoice and/or other supporting documentation deemed necessary by HCDD, and shall be made for CDBG eligible activities only, with the total amount expended not to exceed \$9,537,749.00.

Payments associated with ineligible activities may not be reimbursed with CDBG-MIT funds under this Agreement. HCDD shall ensure that all disbursements made under this Agreement meet the necessary CDBG requirements prior to expending funds. If, upon its compliance review of these expenditures, HCDD finds disbursements that are ineligible, HPW shall pay back the CDBG-MIT funds to HCDD in the amount determined as ineligible.

Other reasonable and necessary costs incurred up to 12 months prior to the Effective Date as set forth at the end of this Agreement, and associated with the financing, and/or development of a Public Facilities Project may be reimbursed at the discretion of the HCDD Director. These costs include, but are not limited to:

- (1) Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups;
- (2) Costs for processing and settling the financing for a project, such as: private lender origination fees, or credit reports; fees for title evidence; fees for recordation and filing of legal documents, or building permits; attorney's fees; private appraisal fees; and fees for an independent cost estimate, builders, or developers fees;
- (3) For both new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction; or
- (4) Costs of environmental review and release of funds in accordance with 24 C.F.R. Part 58, which are directly related to the Project.

4. Progress Reports

HPW shall submit Progress Reports to HCDD on a monthly and quarterly basis including, but not limited to, project timeline, project completion status, spending forecast, and performance and projections.

D. Procurement

1. Compliance

HPW shall comply with all federal procurement requirements under 2 C.F.R. Part 200. HPW shall ensure all City procurement requirements, policies, and procedures meet federal standards prior to administering project related procurement efforts.

2. OMB Standard

Unless specified otherwise within this agreement, HPW shall procure all materials, property, or services in accordance with the requirements of 2 C.F.R. § 200.318.

3. Travel

HPW shall obtain written approval from HCDD prior to any travel outside the metropolitan area paid for with funds provided under this Agreement.

4. Contract Language

HPW shall ensure that the Approved Construction Contract shall be a fixed price/stipulated sum or guaranteed maximum price contract which shall be consistent with the Approved Final Construction Budget. Fees, overhead and general conditions of the Contractor shall be indicated as a fixed dollar amount which shall be determined in a manner that does not exceed amounts that are

commercially customary and reasonable for similar affordable multifamily development projects.

E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall comply with the requirements of 2 C.F.R. Part 200 and 24 C.F.R. § 570.502, 24 C.F.R. § 570.503, 24 C.F.R. § 570.504, and 24 C.F.R. § 570.505, as applicable, which include but are not limited to the following:

1. HPW shall transfer to HCDD any CDBG-MIT funds on hand and any accounts receivable attributable to the use of CDBG-MIT funds under this Agreement at the time of expiration, cancellation, or termination, if any;
2. As applicable, real property under HPW control that was acquired or improved in whole or in part with funds under this Agreement in excess of \$25,000 shall be used to meet the CDBG National Objective identified under Paragraph 1 B. pursuant to 24 C.F.R. § 570.208 until five (5) years after expiration of this Agreement. If HPW fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, HPW shall pay HCDD an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to HCDD. HPW may retain real property acquired or improved under this Agreement after the expiration of the five-year period.
3. As applicable, in all cases in which equipment that was acquired, in whole or in part, with funds under this Agreement, and is later sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by HPW for the Project under this Agreement shall be (a) transferred to HCDD for the CDBG Program or (b) retained after compensating HCDD [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment].

VII. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

HCDD and HPW agree to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 C.F.R. Part 24 and 24 C.F.R. § 570.606(b), if applicable; (b) the requirements of 24 C.F.R. § 570.606(c) governing Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act, if applicable; and (c) the requirements in 24 C.F.R. § 570.606(d) governing optional relocation policies, if applicable. HCDD and HPW shall provide relocation assistance to displaced persons as defined by 24 C.F.R. § 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project.

HCDD and HPW also agree to comply with Applicable Laws concerning the displacement of persons from their residences.

VIII. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

HPW shall ensure that the General Contractor complies with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974, as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107, and 12086.

2. Nondiscrimination

HPW shall ensure that the General Contractor complies with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 C.F.R. § 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.

3. Land Covenants

As applicable, HPW shall ensure the General Contractor is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 C.F.R. § 570.601 and § 570.602. In regard to the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, HPW shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use of occupancy of such land, or in any improvements erected or to be erected thereon, providing that HCDD and the United States are beneficiaries of and entitled to enforce such covenants. HPW, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

HPW shall ensure the General Contractor complies with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), which prohibits discrimination against individuals with disabilities or handicaps in any Federally assisted program. HCDD shall provide HPW with any guidelines necessary for compliance with that portion of the regulation in force during the term of this Agreement upon request.

B. Affirmative Action

1. Women-and Minority-Owned Businesses (W/MBE)

HPW shall ensure the General Contractor uses best efforts pursuant to 2 C.F.R. § 200.321, as applicable, to afford small businesses, minority business enterprises and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the terms "small business" means a business that meets criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. § 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African Americans, Spanish-speaking, Spanish-surnamed or Spanish-heritage Americans, Asian Americans, and Native American. HPW may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

2. Access to Records

Subject to attorney-client privilege and other legal, professional, and confidentiality obligations, HPW shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records, and accounts by HCDD, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

3. Notifications

HPW shall ensure the General Contractor sends notice to each labor union, organization, or representative of workers with which General Contractor has a collective bargaining agreement or other contract or understanding, if any, to be provided by the agency contracting officer, advising the labor union, organization, or worker's representative of General Contractor's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

HPW shall ensure that the General Contractor, in all solicitations or advertisements for employees placed by or on behalf of HPW, shall comply with the City's Equal Employment Opportunity Ordinance as set out in Section 15-17 of the Code of Ordinances..

5. Subcontract Provisions

HPW shall ensure that the General Contractor includes the provision of Paragraphs X.A, "Civil Rights", and B, "Affirmative Action", in every subcontract

or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity

HPW is prohibited from using funds provided herein or personnel employed in the administration of the Project for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. Labor Standards

HPW shall comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon and Related Acts as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. § 327 *et seq.*), and all other applicable federal, state, and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. HPW shall comply with the Copeland Anti-Kick Back Act (18 U.S.C. § 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 24 C.F.R. Part 5. HPW shall ensure the maintenance documentation that demonstrates compliance with the hour and wage requirements of this part.

HPW agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall ensure compliance with Federal requirements adopted by HCDD pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 C.F.R. Parts 1,3,5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve HPW of its obligation, if any, to require payment of the higher wage. HPW shall cause or require to be inserted in full, in all such contracts subject to such regulations, federal labor standards provisions (HUD 4010 form) meeting the requirements of this paragraph.

HPW agrees that all contract compliance and reporting under the Davis-Bacon Act, Section 3, Pay or Play, and MWSBE will be monitored and controlled by the Code of Federal Regulations, Title 49, Parts 23 and 26, as administered by HCDD. HPW agrees to comply with any other federal, state, and local laws, regulations or ordinances including, but not limited to, those pertaining to Prevailing Wage Rates, and MWBE and DBE Program Compliance and EEO compliance, as applicable.

3. Pay or Play

HPW agrees that all project activities require compliance with the City's Pay or

Play ordinance as stated in Executive Order 1-7 7.1. Contractors with contract excess of \$200,000 shall comply with the City's Pay or Play Program, as set out in Executive Order No. 1-7, the requirements and terms of which are incorporated into contract terms for all purposes, which shall be monitored and controlled by HCDD.

4. "Section 3" Clause

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 C.F.R. Part 75, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and is binding upon HPW and any subrecipients and subcontractors. Failure to fulfill these requirements shall subject HPW and any subrecipients and subcontractors, their successors and assigns, to those sanctions specified by this Agreement through which Federal assistance is provided. HPW shall ensure that the General Contractor certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

HPW further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. § 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low-and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low-and very low-income persons residing in the metropolitan area in which the project is located."

HPW further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very-low income persons residing within the metropolitan area in which the CDBG-MIT funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or neighborhood in which the project is located, and low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very-low income persons residing within the

metropolitan area in which the CDBG-MIT funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low-and very low-income participants in other HUD programs.

HPW certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Notifications

HPW shall ensure that the General Contractor sends notice to each labor union, organization, or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, advising said labor union, organization, or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Construction Contracts

HPW shall include this Section 3 clause in every construction contract and shall take appropriate action pursuant to the subcontract upon a finding that the contractor is in violation of regulations issued by the grantor agency. HPW shall not contract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. Part 75 and shall not let any contract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

5. Minority and Women Business Enterprise Compliance

HPW shall ensure that contractors comply with the City's Program for Minority, Women, and Small Business Enterprises and Persons with Disabilities Enterprises (collectively, "MWSBE"), as set out in Chapter 15, Article V of the City's Code of Ordinances and the applicable Office of Business Opportunity's ("OBO") Policies and Procedures and include the following provisions in all subcontracts executed under this Agreement:

- a. Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances and the applicable Office of Business Opportunity's ("OBO") Policies and Procedures. Contractor shall make good faith efforts to award subcontracts or supply agreements in at least **13% MBE and 7% WBE** of the value of this Agreement to MWBEs ("Stated MWSBE goal"). If the Contractor is a certified MBE or WBE, Contractor may count toward goals the work that it commits to perform with its own work force, capped at 50% of the total advertised goal. Contractor acknowledges that it has

reviewed the requirements for good faith efforts on file with OBO and will comply with them.

- b. For purposes of this paragraph, "Contract Year" means a twelve (12) month period during the term of the contract commencing on the Effective Date of this Agreement and each anniversary thereof. If the term of this Agreement exceeds one Contract Year and Contractor's MWBE participation level in a Contract Year is less than the Stated MWBE goal, then within 30 calendar days of the end of each Contract Year Contractor must provide a written explanation to both the Director and Office of Business Opportunity Director ("OBO Director") of the following: (1) the discrepancy between Contractor's MWBE participation level and the Stated MWBE goal, (2) the reason for the discrepancy, and (3) Contractor's good faith efforts (in accordance with the City's policy) towards achieving the Stated MWBE goal. As part of the good faith efforts assessment, the OBO Director may consider Contractor's failure to timely submit the notice or explanation required by this provision and the OBO Director may impose sanctions or other penalties on Contractor for said failures in accordance with Chapter 15 of the Code of Ordinances, OBO's policies and procedures, and the City's good faith efforts policy.
- c. Contractor shall maintain records showing:
 - a. Subcontracts and supply agreements with Minority Business Enterprises;
 - b. Subcontracts and supply agreements with Women Business Enterprises;
 - c. Subcontracts and supply agreements with Small Business Enterprises (if any);
 - d. Written confirmation from MWBE subcontractors and suppliers that they are participants on the contract; and
 - e. Specific efforts to identify and award subcontracts and supply agreements to MWBEs. Contractor shall submit periodic reports of its efforts under this Section to the OBO Director in the form and at the times he or she prescribes.
- d. Contractor shall ensure that all subcontracts with MWBE subcontractors and suppliers contain the following terms:
 - a. [Name of MWBE subcontractor] shall permit representatives of the City of Houston, at all reasonable times, to perform (1) audits of the books and records of the subcontractor, and (2) inspections of all places where work is to be undertaken in connection with this subcontract. Subcontractor shall keep such books and records available for such purpose for at least four (4) years after the end of its performance under this subcontract. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.
 - b. Within five (5) business days of execution of this subcontract, Contractor [prime contractor] and Subcontractor shall designate, in writing, to the City of Houston's OBO Director ("the OBO Director") an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of

the Houston City Code of Ordinances, along with the street, mailing address, phone number, and email address of such agent.

- c. After reasonable attempt(s) to resolve disputes between the parties involving the terms, covenants, or conditions of this subcontract, a request for dispute resolution may be submitted to the Director. The Director may prescribe procedures to provide dispute resolution services in accordance with the requirements of Chapter 15 of the Houston City Code of Ordinances.

D. Conduct

1. Subcontracts

a. Approvals

HPW shall not enter into any construction contracts with any agency or individual in the performance of this contract without the written consent of HCDD prior to the execution of such agreement.

b. Monitoring

HPW shall monitor all contracted services on a regular basis to assure contract compliance with the CDBG Regulations referenced in this Agreement. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. Content

HPW shall cause all provisions of this contract in its entirety to be included in and made a part of any contract executed in the performance of this Agreement.

d. Selection Process

HPW shall ensure that all construction contracts let in the performance of this Agreement be awarded on a fair and open competition basis in accordance with applicable procurement requirements. HPW shall forward executed copies of all contracts awarded with CDBG-MIT funds provided under this Agreement to HCDD along with documentation concerning the selection process.

2. Hatch Act

HPW agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent be used to engage in the conduct of political activities in violation of Chapter 15, Title V, U.S.C.

3. Conflict of Interest

HPW agrees to abide by the provisions of 2 C.F.R. § 200.318 and 24 C.F.R. § 570.611, which include (but are not limited to) the following:

- a. HPW shall maintain and abide by a written code or standard of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by federal funds.
- b. No employee, officer, or agent of HPW shall participate in the selection, or in the award, or administration of, a contract supported by federal funds if a conflict of interest, real or apparent, would be involved.
4. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted 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 in any contract or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For the purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of HCDD, HPW, or any designated public agency.

HPW shall ensure the General Contractor agrees that:

- a. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement;
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions; and
- c. It shall require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including

subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

d. Lobbying Certification

"This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure."

5. Copyright

If this Agreement results in any copyrightable material or inventions, if applicable, HCDD and/or grantor agency reserves the right to royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

6. Activities

HPW agrees that funds provided under this Agreement shall not be utilized for inherently religious activities prohibited by 24 C.F.R. §570.200(j), such as worship, religious instructions, or proselytization.

7. Retainage

HPW agrees that 100% retainage will be released at project completion when the final Certificate of Completion has been approved by Council. During construction, 5% retainage will be held with each payment draw.

XI. ENVIRONMENTAL CONDITIONS

A. Air and Water

HPW shall ensure the General Contractor complies with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C. § 7401, *et seq.*;
- Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*, as amended, 33 U.S.C. § 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; and
- Environmental Protection Agency (EPA) regulations pursuant to 40 C.F.R. Part 50 as amended.

B. Lead-Based Paint

HPW shall ensure the General Contractor agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 C.F.R. § 570.608 and 24 C.F.R. Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

C. Historic Preservation

HPW shall ensure compliance with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470) and the procedures set forth in 36 C.F.R. Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this Agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

HPW shall ensure that all necessary federal requirements, as provided by HCDD, are incorporated into each construction contract.

D. Reevaluation

If unforeseen environmental conditions arise during a project, work must stop immediately in the *affected* area, and HCD Environmental should be notified right away for reevaluation. Work can only resume once the environmental issue is resolved, ensuring compliance with HUD regulations (24 CFR 58) and other relevant environmental requirements. If the project description changes significantly, HCD Environmental must be informed with details as soon as possible for necessary reevaluation.

XII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement shall nevertheless be in full force and effect.

XIII. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XIV. WAIVER

Either party's failure to act with respect to a breach of this Agreement by the other party does not waive either party's right to act with respect to subsequent or similar breaches. The failure of either party to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XV. ENTIRE AGREEMENT

This Agreement, including all Attachments, constitute the entire agreement between HCDD and HPW for the use of funds received under this Agreement and supersede all prior or contemporaneous communications and proposals, whether electronic, oral, or written between HCDD and HPW with respect to this Agreement.

This Agreement shall be effective on the 16th day of May, 2025 (Effective Date).

AGREED AND ACCEPTED

DocuSigned by:



Michael C. Nichols, Director
Housing and Community
Development Department

DocuSigned by:



Randall V. Macchi, JD
Director, Houston Public Works

ATTACHMENT II

Detailed Budget

ATTACHMENT II

Detailed Budget

Project Name: Cambridge Village Park & Ramblewood Neighborhood Drainage and Paving Improvements Project

Sources:	Amount:	Uses:	Amount:
COH HCDD	\$9,537,749.00	Construction	\$9,537,748.50
HPW - Capital Improvements Projects (CIP)	\$2,525,469.87	Testing & Materials	\$381,509.94
		Construction/Design Management	\$692,287.43
		Engineering Design Costs	\$1,451,673.00
Total	\$12,063,218.87	Total	\$12,063,218.87

ATTACHMENT III

Scope of Services

ATTACHMENT III

Scope of Services

Cambridge Village Park & Ramblewood Neighborhood Drainage and Paving Improvements Project

Cambridge Village Park

The project consists of Cambridge Park Drainage Improvements, bounded by Nitida Street on the west, Tidewater Drive on the south, HPD facility on the north, and the Ramblewood neighborhood to the east. Cambridge Park facilities and amenities are currently owned and maintained by the City of Houston Parks and Recreation Department.

The project includes the construction of a 7'x4' RCB storm sewer, detention pond, and park amenities within Cambridge Park to provide mitigation and outfall for the Ramblewood Storm Sewer Improvements project. Park amenities include an 8' concrete trail, tree preservation, landscape plantings, pedestrian lighting, playground equipment, a soccer field, and irrigation systems.

Ramblewood Neighborhood

The project consists of Ramblewood Storm Sewer Improvements Sub-Project 1 along the following streets Lotus Street, Buxley Street, Woodmont Drive, and Brookston Street. This project is a combination of pavement and storm sewer improvements which initiates at the west end of Lotus Street and extends east to Buxley Street then continues north to the end of Buxley Street. Storm sewer improvements are also included at the intersections of Woodmont Drive and Avonelle Lane, Woodmont Drive and Grantmoor Lane, and at the west end of Brookston Street.

This project involves construction of 7-feet by 3-feet and 4-feet by 3-feet reinforced concrete boxes, B-B Inlets, 6-inch-thick reinforced concrete pavement on half of Lotus Street and half of Buxley Street, 6-inch concrete curb, and 4-foot-wide sidewalk. The construction also includes new storm drainage systems and water line offsets to accommodate proposed drainage improvements.

ATTACHMENT IV

CDBG-MIT Quarterly Progress Report
Infrastructure Projects

ATTACHMENT V

Federal Contract Requirements

FEDERAL CONTRACT REQUIREMENTS:
CDBG PROGRAM REQUIREMENTS

All references to "Contractor" in this Exhibit shall apply to any subrecipient, contractor, or subcontractor performing work on behalf of the Contractor pursuant to the foregoing Contract, as applicable. The following Federal Contract Requirements (CDBG Program Requirements) will generally apply to all Contractors. Also see 2 C.F.R. Part 200; federal program requirements at 24 C.F.R. Part 570 (CDBG), 24 C.F.R. Part 92 (HOME), 24 C.F.R. Part 574 (HOPWA), 24 C.F.R. Part 576 (Emergency Solutions Grant), as insofar as they are applicable; and applicable laws, rules and regulations relating to other programs administered by the U.S. Department of Housing and Urban Development ("HUD").

SECTION 1

Public Law 88-352 and Public Law 90-284; Affirmatively Furthering Fair Housing; Executive Order 11063

A. The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352 42 U.S.C. § 2000d et seq.) ("Title VI") and with Title 24 Code of Federal Regulations (C.F.R.) Part 1, which implements Title VI. In accordance with Title VI, no person in the United States shall, on the basis of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Contractor receives federal financial assistance. The Contractor will immediately take any measures necessary to comply with Title VI. If any real property or structure thereon is provided or improved with the aid of federal financial assistance, this clause shall obligate the owner, or in the case of any transfer of such property, any transferee, to comply with the requirements and restrictions contained in this clause for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

B. The Contractor shall comply with Public Law 90-284, which refers to Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act (42 U.S.C. § 3601 et seq.), which provides that it is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States and prohibits any person from discriminating in the sale of rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex or national origin. In accordance with the Fair Housing Act, the Secretary of HUD requires that grantees administer all programs and activities related to housing and urban development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to take meaningful actions to further the goals identified in the grantee's AFH conducted in accordance with the requirements of 24 C.F.R. §§ 5.150 - 5.180 and take no action that is materially inconsistent with its obligation to affirmatively further fair housing.

C. Executive Order 11063, as amended by Executive Order 12259 (3 C.F.R. §§ 1959-1963 Com., p. 652; 3 C.F.R. § 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 C.F.R. Part 107, as applicable.

SECTION 2

Non-Discrimination in Programs and Activities

The Contractor shall comply with the Age Discrimination Act of 1975 and implementing federal regulations, **42 U.S.C. § 6101 et seq.**, issued pursuant to the Act. Any prohibition against discrimination on the basis of age under the Age Discrimination Act, or with respect to an otherwise qualified handicapped individual as provided in Chapter 126 of Title 42 and chapter 5 of Title 47 shall also apply to any such program or activity. (Also see 29 U.S.C.A. § 794)

SECTION 3

National Flood Insurance Program

A. If applicable, this Contract is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234) for areas identified by HUD as having special flood hazards. The use of any funds provided for acquisition or construction in identified areas shall be subject to the Mandatory Purchase of Flood Insurance requirements of section 102(a) of said act.

B. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared, or improved with assistance provided under this Contract shall contain, if the land is located in an area identified by HUD as having a special flood hazard, provisions which obligate the transferee and its successors or assigns to obtain and maintain, during the life of the project, flood insurance as required under section 102(a) of the Flood Disaster Protection Act of 1973, as amended. These provisions shall be required notwithstanding the fact that the construction on the land is not itself funded with funds provided under this Contract.

SECTION 4

Displacement, Relocation, Acquisition and Replacement of Housing

Contractor understands that projects funded hereunder may be subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. § 4601-4655), as applicable; and that individuals or businesses that are required to move from real property, permanently or involuntarily as a direct result of rehabilitation, demolition, or acquisition for the project assisted hereunder must be compensated pursuant to the URA.

SECTION 5

Employment and Contracting Opportunities

A. **Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (Equal Employment Opportunity)**

The Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion sex, or national origin. Contractor will take affirmative action to ensure applicants are employed, and employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay

or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- (3) The Contractor will send to each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding, a notice to be provided by the City, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor set forth at 41 C.F.R. Part 60.
- (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of the U.S. Department of Labor and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations or orders, this Contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of the U.S. Department of Labor, or as otherwise provided by law.
- (7) The Contractor will include provisions similar to paragraph 1 through 8 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of the U.S. Department of Labor, issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended, so that such provisions will be binding upon subcontractors or vendors. The Contractor will take such action with respect to any subcontract or purchase order as the City may direct as a means of enforcing such provisions including sanctions for noncompliance: PROVIDED, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the City, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(8) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

B. Section 3 Of The Housing And Urban Development Act Of 1968

- (1) The work to be performed under this Contract is on a project assisted under a program providing federal financial assistance from the Department of Housing and Urban Development (HUD). Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U.S.C. § 1701u, "Section 3") and implementing regulations at 24 C.F.R. Part 75 apply to the Contract. Under Section 3, to the greatest extent feasible, for any contract award in excess of \$200,000, the Contractor shall give opportunities for training and employment to lower-income residents of the City and shall award contracts for work in connection with the project to business concerns which are located in or owned in substantial part by persons residing in the City.
- (2) The Contractor will comply with the provisions of Section 3, and all applicable rules and orders of HUD issued thereunder prior to the execution of the Contract. The Contractor certifies and agrees that there is no contractual or other disability which would prevent compliance with these requirements.
- (3) The Contractor will include or have included a Section 3 clause in every subcontract for work in connection with the project. The Contractor shall, at the direction of the City, take appropriate action pursuant to any subcontract upon a finding that the subcontractor is in violation of this Section 3 clause. The Contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. Part 75.
- (5) Compliance with the provisions of Section 3, and all applicable rules and orders of HUD issued thereunder prior to the execution of this Contract shall be a condition of the federal financial assistance provided to the project. These provisions are binding upon the City, its contractors and subcontractors, their successors and assigns. Failure to fulfill these requirements shall subject the City, its contractors and subcontractors, their successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided.

SECTION 6

Lead-Based Paint Poisoning Prevention Act

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§ 4851-4856), and the implementing regulations at 24 C.F.R. Part 35, Subparts A, B, J, K and R may apply to activities under the Contract.

SECTION 7

Use Of Debarred, Suspended, Or Ineligible Contractors or Subrecipients

(a) The Contractor shall not employ, award contracts to, or otherwise engage the services of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status under the provisions of 24 C.F.R. Part 5 or under the authority of the City.

(b) The Contractor shall not use federal funds for any contract for the construction, alteration or repair of the project funded under this Contract with any contractor or subcontractor listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 C.F.R. Part 180 that implement Executive Orders 12549 (3 C.F.R. Part 1986 Comp., p. 189) and 12689 (3 C.F.R. Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

SECTION 8

Uniform Administrative Requirements, Cost Principles and Audit Requirements

The Contractor shall comply with "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" as set forth under 2 C.F.R. Part 200, as applicable.

SECTION 9

Conflict Of Interest

A. In the procurement of supplies, equipment, construction, and services by the City or a subrecipient, the conflict of interest provisions in 2 C.F.R. Part 200, Subpart B - General Provisions, shall apply.

B. In all cases not governed by 2 C.F.R. Part 200, Subpart B, the provisions of this section shall apply. Such cases include, but may not be limited to, the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses or other private entities under eligible activities which authorize such assistance (e.g. rehabilitation, preservation, and other improvements of private properties or facilities).

- (i) No persons described in paragraph (ii) (below) who exercise or have exercised any functions or responsibilities with respect to federal activities or who are in a position to participate in a decision-making process or gain inside information with regard to federal assisted activities, may obtain a personal or financial interest or benefit from,

or have any interest in any contract, subcontract, or agreement 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 with respect to the federal assisted activity, or with respect to the proceeds of the federal assisted activity.

- (ii) The requirements of paragraph (i) apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the City, of any designated public agency, or subrecipient which receives funds under the federal grant.

SECTION 10

Eligibility for Aliens Not Lawfully Present in U.S.

Contractor understands that aliens not lawfully present in the U.S., as described in 49 C.F.R. §24.208, are not eligible to apply for benefits under certain federal activities.

SECTION 11

Environmental Requirements

This Contract is subject to 24 CFR Part 58, as amended, and may be subject to the requirements of the Clean Air Act, as amended (42 U.S.C. §§ 7401-7671q), the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251-1387) and the regulations issued under the Clean Air Act and the Federal Water Pollution Control Act and by the Environmental Protection Agency. In compliance with, the regulations, Contractor agrees that:

A. No facility to be utilized in the project or program is on the list of Violating Facilities issued by the U.S. Environmental Protection Agency (EPA) pursuant to **40 C.F.R. § 15.20**.

B. The Contractor will comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, (42 U.S.C. §§ 7401-7671q), and the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251-1387).

C. As a condition for the award of this Contract, the Contractor shall give prompt notice to the City of any notification of violations received from the Office of Federal Activities or the EPA, indicating that a facility utilized or to be utilized is under consideration to be listed on the EPA List of Violating Facilities.

D. The Contractor will include or cause to be included the requirements contained in paragraphs A through C of this clause in every lower-tier nonexempt contract and will take such action as the City may direct as a means of enforcing such provisions.

E. In no event shall any amount of the funds provided under the Contract be utilized with respect to a facility which has given rise to a conviction under section 113(c)(1) of the Clean Air Act or section 309(c) of the Federal Water Pollution Control Act.

F. Contractors who receive subcontracts/subgrants of amounts in excess of \$150,000 are required to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401-7671q) and the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251-1387).

G. Any violations of this Section 12 must be reported to the Federal awarding agency, the Regional Office of the Environmental Protection Agency (EPA), and the City.

SECTION 12

Architectural Barriers Act

The Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 C.F.R. § 40.2 or the definition of "building" as defined in 41 C.F.R. § 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (Appendix A to 24 C.F.R. Part 40 for residential structures, and Appendix A to 41 C.F.R. Part 101-19, Subpart 10119.6, for general type buildings).

SECTION 13

The Americans with Disabilities Act

The Americans with Disabilities Act, also referred to as the ADA (42 U.S.C. § 12131; 47 U.S.C. §§ 155, 201, 218 and 225), provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 25, 1993 that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable--that is, easily accomplishable and able to be carried out without much difficulty or expense.

SECTION 14

Records For Audit Purposes

Without limitation to any other provision of the foregoing Contract the Contractor shall maintain all records concerning the program or project financed under this Contract which the City reasonably requires from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient pursuant to 2 C.F.R. § 200.333. The Contractor shall maintain records required by **24 C.F.R. § 135.92** for the period required under 2 C.F.R. § 200.333. The Contractor will give the City, HUD, the Comptroller General of United States, the General Accounting Office, or any of their authorized representatives access to and the right to examine, copy, or reproduce all records pertaining to the acquisition and construction of the project and the operation of the program or project. The right to access shall continue as long as the records are required to be maintained **under 2 C.F.R. § 200.336**.

SECTION 15

Audit Requirements

a. Limited Scope Audit - Contractor understands that Non-Federal entities that expend less than \$750,000 a year in Federal awards are exempt from Federal audit requirements for that year, but records must be available for review and audit as described hereinabove at Section 17. Contractor further understands that limited scope audits can and may be required by the City for non-Federal entities that expend less than \$750,000. If the City requires such limited scope audits, same shall be performed in accordance with 2 C.F.R. Part 200, Subpart F - Audit Requirements.

b. Single Audit - Single Audit - Contractor further understands that non-Federal entities that expend \$750,000 or more a year in Federal awards shall have a single audit conducted pursuant to 2 C.F.R. Part 200, Subpart F - Audit Requirements, except when an election is made to have a program specific audit pursuant to and described in 2 C.F.R. Part 200, Subpart F - Audit Requirements. Once the Contract is executed, Contractor understands that it is barred from considering such audit and must have a single audit conducted as described hereinabove.

SECTION 16

Additional Federal Requirements Under 2 C.F.R. PART 200, Appendix II, As Applicable

(A) **Simplified Acquisition Threshold.** Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. § 1908, as may be amended from time to time, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) **Contract Minimum for Termination for Cause and Convenience.** All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement.

(C) **Davis Bacon Act, as amended (40 U.S.C. §§ 3141–3148).** When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141–3144, and 3146–3148) as supplemented by Department of Labor regulations (29 C.F.R. Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(D) **Copeland Anti-Kick Back Act.** Contracts must also include a provision for compliance with the Copeland “Antikickback” Act (40 U.S.C. § 3145), as supplemented by Department of Labor regulations (29 C.F.R. Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) **Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701–3708)**. Where applicable, all contracts awarded by the nonfederal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. § 3702 and § 3704, as supplemented by Department of Labor regulations (29 C.F.R. Part 5). Under 40 U.S.C. § 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. § 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) **Rights to Inventions Made Under a Contract or Agreement**. If the Federal award meets the definition of “funding agreement” under 37 C.F.R. § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 C.F.R. Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) **Energy Policy and Conservation Act**. Contractor must comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. § 6201).

(G) **Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352)**. Contractors that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. § 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(H) **Procurement of Recovered Materials**. See 2 C.F.R. § 200.323.

(J) **Domestic Preference Requirements**

As appropriate and to the extent consistent with law, the Contractor should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this paragraph must be included in all subcontracts and purchase orders for work or products under this Amendment. For purposes of this paragraph:

1. “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

2. “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

(K) Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment

- 1) As used in this paragraph, the terms backhaul; covered foreign country; covered telecommunications equipment or services; interconnection arrangements; roaming; substantial or essential component; and telecommunications equipment or services have the meaning as defined in Federal Acquisition Regulations Section 52.204-25, Prohibitions on Contracting for Covered Telecommunications Equipment or Services—
- 2) Prohibitions
 - (a) Section 889(b) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, and 2 C.F.R. § 200.216 prohibit the head of an executive agency on or after August 13, 2020, from obligating or expending grant, cooperative agreement, loan, or loan guarantee funds on certain telecommunications products or from certain entities for national security reasons.
 - (b) Unless an exception in this paragraph applies, the Contractor and its Subcontractors shall not use grant, cooperative agreement, loan, or loan guarantee funds from the Federal Emergency Management Agency to:
 - (i) Procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;
 - (ii) Enter into, extend, or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;
 - (iii) Enter into, extend, or renew contracts with entities that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system; or
 - (iv) Provide, as part of its performance of this Amendment, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.
- 3) Exceptions
 - (a) This paragraph does not prohibit Contractors from providing—

- (i) A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or
 - (ii) Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.
 - (b) By necessary implication and regulation, the prohibitions also do not apply to:
 - (i) Covered telecommunications equipment or services that:
 - 1. Are not used as a substantial or essential component of any system; and
 - 2. Are not used as critical technology of any system.
 - (ii) Other telecommunications equipment or services that are not considered covered telecommunications equipment or services.
 - (iii) That which 2 CFR Section 200.216 does not apply.
- 4) Reporting requirement
 - (a) In the event the Contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during performance of the Services set forth in this Amendment, or the Contractor is notified of such by a Subcontractor at any tier or by any other source, the Contractor shall report the information in the manner stated below to the recipient or subrecipient, unless elsewhere in this Amendment are established procedures for reporting the information.
 - (b) The Contractor shall report the following information pursuant to paragraph (e):
 - i) Within one business day from the date of such identification or notification: The Contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.
 - ii) Within 10 business days of submitting the information above: Any further available information about mitigation actions undertaken or recommended. In addition, the Contractor shall describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services.

(L) **Remedies.** If any work performed and/or goods delivered by Contractor fails to meet the requirements of the Contract, any other applicable standards, codes or laws, or otherwise breaches the terms of the Contract, the CPO may in his or her sole discretion:

- 1) elect to have Contractor re-perform or cause to be re-performed, at Contractor's sole expense, any of the work which failed to meet the requirements of the contract;
- 2) in the case of goods, reject the goods and require Contractor to provide replacement goods that meet the needs of the City and the terms of the Contract;
- 3) hire another contractor to perform the work and deduct any additional costs incurred by the City as a result of substituting contractors from any amounts due to Contractor;
or
- 4) pursue and obtain any and all other available legal or equitable remedies.

(M) The Federal Government is not a party to this Contract and is not subject to any obligations or liabilities to Contractor, subcontractor(s), or any other party pertaining to any matter resulting from the Contract.

(N) Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor's actions pertaining to this Contract.

(O) Contractor shall not use HUD seal(s), logos, crests, or reproductions of flags or likenesses of HUD agency officials without specific the agency's pre-approval.

ATTACHMENT VI

Federal Register Notices



45838

Federal Register / Vol. 84, No. 169 / Friday, August 30, 2019 / Notices

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6109-N-02]

RIN 2506-ZA02

Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Mitigation Grantees

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This notice allocates \$6.875 billion in Community Development Block Grant Mitigation (CDBG-MIT) funds to grantees recovering from qualifying 2015, 2016, and 2017 disasters. Funds allocated by this notice were made available by the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (approved February 9, 2018) (the "Appropriations Act"). This notice describes grant requirements and procedures, including waivers and alternative requirements, applicable to CDBG-MIT funds only. The Department acknowledges the governance and financial management challenges of the Commonwealth of Puerto Rico and the on-going capacity considerations in the U.S. Virgin Islands. Accordingly, the allocation of funds to the Commonwealth of Puerto Rico and the U.S. Virgin Islands for mitigation and electrical power system improvements shall be governed by subsequent notices in order to provide additional time to Puerto Rico and the U.S. Virgin Islands to work with the Department to address these issues.

DATES: *Applicability Date:* September 4, 2019.

FOR FURTHER INFORMATION CONTACT: Jessie Handforth Kome, Acting Director, Office of Block Grant Assistance, Community Planning and Development, Department of Housing and Urban Development, 451 7th Street SW, Room 7282, Washington, DC 20410, telephone number 202-708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. Facsimile inquiries may be sent to Ms. Kome at 202-708-0033. (Except for the "800" number, these telephone numbers are not toll-free). Email inquiries may be sent to disaster_recovery@hud.gov.

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I. Overview and Policy Objectives

The Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018, Pub. L. 115-123, approved February 9, 2018) (the "Appropriations Act"), made available \$28 billion in Community Development Block Grant disaster recovery (CDBG-DR) funds, and directed HUD to allocate not less than \$12 billion for mitigation activities proportional to the amounts that CDBG-DR grantees received for qualifying disasters in 2015, 2016, and 2017. This notice accordingly allocates \$6,875,044,000 in CDBG-MIT funds for mitigation activities consistent with the Appropriations Act.

CDBG-MIT funds represent a unique and significant opportunity for grantees to use this assistance in areas impacted by recent disasters to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses. While it is impossible to eliminate all risks, CDBG-MIT funds will enable grantees to mitigate against disaster risks, while at the same time allowing grantees the opportunity to transform State and local planning.

Through this allocation for mitigation, HUD seeks to:

- Support data-informed investments in high-impact projects that will reduce risks attributable to natural disasters, with particular focus on repetitive loss of property and critical infrastructure;
- Build the capacity of States and local governments to comprehensively analyze disaster risks and to update hazard mitigation plans through the use of data and meaningful community engagement;
- Support the adoption of policies that reflect local and regional priorities that will have long-lasting effects on community risk reduction, to include the risk reduction to community lifelines such as Safety and Security, Communications, Food, Water, Sheltering, Transportation, Health and

Medical, Hazardous Material (management) and Energy (Power & Fuel); and future disaster costs (e.g., adoption of forward-looking land use plans that integrate the hazard mitigation plan, latest edition of the published disaster-resistant building codes and standards (to include wildland urban interface, flood and all hazards, ASCE-24, and ASCE-7 respectively), vertical flood elevation protection, and policies that encourage hazard insurance for private and public facilities); and

- Maximize the impact of available funds by encouraging leverage, private-public partnerships, and coordination with other Federal programs.

The guiding structure and objectives established for CDBG-MIT funds bear similarities to other federal programs that address hazard mitigation, particularly FEMA's Hazard Mitigation Grant Program (HMGP). Accordingly, HUD has structured this notice and its requirements to complement HMGP policies and processes where possible. For example, both CDBG-MIT funds and FEMA HMGP funds require grantees to conduct a multi-hazard risk assessment to inform projects and programs. Additionally, grantee use of CDBG-MIT funds will be focused on effectively addressing risks to indispensable services that enable the continuous operation of critical business and government functions, and that are critical to the protection of human health and safety, or economic security, as described in section V.A.2.a.(1) of this notice.

The Appropriations Act provides CDBG-MIT funds as a supplemental appropriation to the Community Development Block Grant (CDBG) program. Accordingly, the alignment of CDBG-MIT funds with other federal mitigation programs must also occur within the basic CDBG framework. The national objectives of the CDBG program are: (a) Providing benefit to low- and moderate-income persons; (b) preventing or eliminating slum and blighting conditions; or (c) addressing a severe and recently arising urgent community welfare or health need. Unlike other forms of Federal disaster recovery assistance, CDBG-DR and CDBG-MIT grants have a statutory focus on benefiting vulnerable lower-income people and communities and targeting the most impacted and distressed areas.

The Appropriations Act requires that prior to the obligation of CDBG-DR funds by the Secretary, a grantee shall submit a plan to HUD for approval detailing the proposed use of all funds including the criteria for eligibility and how the use of these funds will address

mitigation in the most impacted and distressed (MID) areas. The Appropriations Act also provides HUD with waiver authority that enabled HUD to modify the basic CDBG requirements to support hazard mitigation when needed. However, there are several statutory requirements under the basic CDBG framework (e.g., requirements related to labor standards, nondiscrimination, the environment and fair housing) which HUD is not authorized to waive. Because this framework will largely remain intact throughout this notice and to ensure compliance with all applicable program requirements, HUD strongly encourages grantees to designate the agency that administers its CDBG-DR funds to also administer this CDBG-MIT grant.

The notice also balances the goals of aligning mitigation policies across federally-funded programs, maximizing efficiencies, and preserving critical aspects of the CDBG structure. As discussed in section V.A. of this notice, Grant Administration and Action Plan Requirements, grantees are encouraged to use CDBG-MIT planning funds to update the FEMA-approved Hazard Mitigation Plans (HMP) and are required to reference the applicable FEMA HMP in their action plan and describe how the HMP has informed the CDBG-MIT action plan. Grantees may also use these funds for planning activities, including but not limited to regional mitigation planning, the integration of mitigation plans with other planning initiatives, activities related to FEMA's Pre-Disaster Mitigation (PDM, to be renamed Building Resilient and Infrastructure Communities (BRIC) as part of implementation of section 1234 of the Disaster Recovery Reform Act of 2018, which amended section 203 of the Stafford Act (42 U.S.C. 5133)) and Flood Mitigation Assistance (FMA), modernizing building codes and regional land-use plans, and upgrading mapping, data, and other capabilities to better understand evolving disaster risks. For example, in wildland fire risk areas, grantees may use these funds to develop a Community Wildfire Protection Plan (CWPP). Additionally, State grantees are encouraged to use CDBG-MIT planning funds to meet the additional requirements for an enhanced HMP and for eligible CDBG-MIT activities that increase a grantee's capacity to participate in FEMA's HMGP Program Administration by States (PAS) initiative. This use of CDBG-MIT funds, in combination with FEMA HMGP assistance, will have long-term benefits by supporting high-quality mitigation planning, building a

foundation for continuous coordination and data-driven outcomes, and providing common goals for selecting high impact projects across multiple programs and funding sources.

HUD recognizes that this first-time appropriation of mitigation-only CDBG funds may pose challenges to grantees in aligning their mitigation strategies and activities with their obligation to use most of their CDBG-MIT funds to benefit low- and moderate-income persons and to use the funds in the MID areas resulting from a disaster. Accordingly, this notice provides grantees with flexibility on the percentages related to a CDBG-MIT grant's overall benefit requirement and MID expenditure requirement. As with CDBG-DR, HUD encourages CDBG-MIT grantees to consider a wide range of community development objectives related to recovery and economic resilience. This notice provides a waiver and establishes an alternative requirement to include new urgent need national objective criteria that are applicable to CDBG-MIT funds only, as described in section V.A.13. of this notice. This urgent need mitigation (UNM) national objective requires activities funded with the CDBG-MIT grant to result in measurable and verifiable reductions in the risk of loss of life and property from future disasters and yield community development benefits. The waiver and alternative requirement in section V.A.13. also explains that grantees shall not rely on the national objective criteria for elimination of slum and blighting conditions without approval from HUD, because this national objective generally is not appropriate in the context of mitigation activities.

CDBG-MIT funds are to be used for distinctly different purposes than CDBG-DR funds. The amount of funding provided through this CDBG-MIT allocation and the nature of the programs and projects that are likely to be funded requires that CDBG-MIT grantees and their subrecipients strengthen their program management capacity, financial management, and internal controls. Each grantee is required to strengthen its internal audit function, specify the criteria for subrecipient selection, increase subrecipient monitoring, and establish a process for promptly identifying and addressing conflicts under the grantee's conflict of interest policy. The Department also intends to establish special grant conditions for individual CDBG-MIT grants based upon the risks posed by the grantee, including risks related to the grantee's capacity to carry out the specific programs and projects

proposed in its action plan. These conditions will be designed to provide additional assurances that mitigation programs are implemented in a manner to prevent waste, fraud, and abuse and that mitigation projects are effectively operated and maintained.

While CDBG-DR and CDBG-MIT funding are valuable resources for long-term recovery and mitigation in the wake of major disasters, HUD concurrently expects that grantees will take steps to set in place substantial governmental policies and infrastructure to enhance the impact of HUD-funded investments. In some instances, this goal may be achieved through the development and application of more stringent building and zoning codes which will help to limit damage from future severe weather events. It should be noted that these actions are eligible costs under CDBG-DR or CDBG-MIT funding.

Consistent with prior CDBG-DR notices, HUD restates that disaster recovery is a partnership between Federal, state, and local government and CDBG-MIT grantees should invest in their own recovery. To sustain CDBG-MIT physical investments in the future, it is imperative that grantees collect and apply sufficient revenues for operation and maintenance costs in the outyears. HUD expects grantees to contribute to their recovery through the use of reserve or "rainy day" funds, borrowing authority, or retargeting of existing resources. The ultimate value of this mitigation funding appropriation is not limited to the projects and activities implemented with the funds but will also encompass how state and local partners are motivated to improve many of their governmental functions to better position jurisdictions to be resilient in the face of future disasters. HUD will examine how grantees plan to achieve this broader benefit and will promote best practices to future CDBG-DR grantees.

It is the policy of the Administration that this first implementation of CDBG-MIT funding be implemented in a manner that mandates careful planning, adequate oversight, and increased reporting of anticipated and actual outcomes of the uses of the mitigation funds, to inform future Federal disaster mitigation efforts, to encourage private sector funding of mitigation projects, and to maximize the benefits of CDBG-MIT funding.

The Administration cannot emphasize strongly enough the need for grantees to fully and carefully evaluate the projects that will be assisted with CDBG-MIT funds. One of the goals of CDBG-MIT is to set a nationwide standard that will

help guide not just future Federal investments in mitigation and resilience activities—to include the mitigation of community lifelines, but state and local investments as well. The level of CDBG-MIT funding available to most grantees cannot address the entire spectrum of known mitigation and resilience needs. Accordingly, HUD expects that grantees will rigorously evaluate proposed projects and activities and view them through several lenses before arriving at funding decisions, including ensuring that already committed public or private resources are not supplanted by CDBG-MIT funds.

One such lens could be a thorough consideration of projects and activities encompassed within the applicable FEMA HMP and a judgment of whether those projects/activities represent targeted strategic investments for the grantee based on current or foreseeable risks. This judgment would stand in contrast to the funding of projects/activities identified in such plans where, for example, there has been no recent review of the risk reduction value of the investment or the project/activity has been carried in the plan for years but has limited risk reduction value.

A second lens could be a consideration of the status of necessary planning and permitting efforts. To ensure that CDBG-MIT investments have the highest possible impact on long-term mitigation and resilience needs, each grantee should conduct a careful status review of planning and permitting actions for proposed projects/activities and identify those that can move forward quickly. Concurrently, this exercise can help to identify Federal regulatory relief that is critical to helping clear the path for these projects/activities. In this vein, the Administration expects that grantees will conduct a review of and make necessary changes and exceptions to their own permitting and related processes to expedite funded projects/activities. In undertaking this analysis, grantees should not succumb to the urge to select projects/activities solely because they are the most advanced in the planning and permitting process but should focus on high impact investments and a thorough understanding of what will be necessary to move those investments forward rapidly.

The notice includes several waivers and alternative requirements typically established in CDBG-DR Federal Register notices but modified as necessary to reflect the distinct purpose of CDBG-MIT funds. The Department cannot anticipate every type of mitigation project or program that will

be proposed by grantees, but these activity-based waivers and alternative requirements are intended to provide grantees with continued flexibility in the design and implementation of comprehensive mitigation programs and projects.

For purposes of this notice, HUD is using the terms CDBG-MIT programs and projects to refer to the means by which grantees implement CDBG eligible activities. This notice also references the general categories of infrastructure and public facilities, housing, planning and administration, public services, and economic development that grantees often use to group activities in an action plan, in the DRGR action plan, and in quarterly performance reports.

II. Use of CDBG-MIT Funds

II. A. Mitigation Definition

For the purposes of this notice, mitigation activities are defined as those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.

II. B. Action Plan, Substantial Amendments, and Amendments for Covered Projects

Before the Secretary obligates CDBG-MIT funds to a grantee, the Appropriations Act requires the grantee to submit a plan to HUD for approval detailing the proposed use of all funds. All or a portion of an action plan or substantial amendment will be substantially incomplete if the plan does not include the elements required by this notice. A grantee's use of CDBG-MIT funds must be consistent with its action plan.

All CDBG-MIT activities must: (1) Meet the definition of mitigation activities above; (2) address the current and future risks as identified in the grantee's Mitigation Needs Assessment of most impacted and distressed areas (described below); (3) be CDBG-eligible activities under title I of the Housing and Community Development Act of 1974 (HCDA) or otherwise eligible pursuant to a waiver or alternative requirement; and (4) meet a national objective, including additional criteria for mitigation activities and Covered Projects. The action plan must describe how funded activities satisfy these requirements.

As mentioned above, the action plan must include a risk-based Mitigation Needs Assessment that identifies and analyzes all significant current and

future disaster risks and provides a substantive basis for the activities proposed. To complete this assessment, grantees must consult with other jurisdictions, the private sector and other government agencies, including State and local emergency management agencies that have primary responsibility for the administration of FEMA mitigation funds, including the State Hazard Mitigation Officer (SHMO), for HMGP alignment. Grantees must also use the most recent risk assessment completed or currently being updated through the FEMA HMP process to inform the use of CDBG-MIT funds. Therefore, the grantee must use the risks identified in the FEMA approved HMP as the starting point for its Mitigation Needs Assessment unless the jurisdiction is in the process of updating the HMP. If a jurisdiction is currently updating an expired HMP, the grantee administering the CDBG-MIT funds must consult with the agency administering the HMP update to identify the risks that will be included in the Mitigation Needs Assessment. The action plan must describe proposed allocations of CDBG-MIT funds that meet all of the requirements listed above in this section.

To maximize the impact of all available funds, grantees must coordinate and align these CDBG-MIT funds with other mitigation projects funded by FEMA, the U.S. Army Corps of Engineers (USACE), the U.S. Forest Service, and other agencies as appropriate. For example, in wildland fire prone areas, this would include federal and state forestry and fire agencies that carry out activities related to fire risk reduction.

Grantees must describe in their action plan how they have coordinated and will continue to coordinate with other partners who manage FEMA and USACE funds and describe the actions that they have taken to align their planned CDBG-MIT activities with other federal, state, and local mitigation projects and planning processes.

To allow for a more detailed review of larger projects, this notice requires that infrastructure projects that also meet the definition of a Covered Project be included in an action plan or a substantial action plan amendment. For purposes of this notice, a Covered Project is defined as an infrastructure project having a total project cost of \$100 million or more, with at least \$50 million of CDBG funds (regardless of source (CDBG-DR, CDBG-National Disaster Resilience (NDR), CDBG-MIT, or CDBG)). For grantees that are considered by HUD to have "unmitigated high risks" that impact

their ability to implement large scale projects, HUD may impose special grant conditions, including but not limited to a lower dollar threshold for the definition of a Covered Project.

As described in section V.A.2.h. below, when a grantee proposes a Covered Project, the action plan or substantial amendment must include a description of the project and the information required for other CDBG-MIT activities (how it meets the definition of a mitigation activity, consistency with the Mitigation Needs Assessment provided in the grantee's action plan, eligibility under section 105(a) of the HCDA or a waiver or alternative requirement, and national objective, including additional criteria for mitigation activities). Additionally, the action plan must describe how the Covered Project meets additional criteria for national objectives for Covered Projects (described in V.A.13. below) including: Consistency with other mitigation activities in the same MID area; demonstrated long-term efficacy and sustainability of the project including its operations and maintenance; and a demonstration that the benefits of the Covered Project outweigh the costs (through the methods described in V.A.2.h.).

II. C. Most Impacted and Distressed Areas

The Appropriations Act made CDBG-MIT funds available for eligible activities related to the mitigation of risks within the MID areas. This notice lists the HUD-identified MID areas for each CDBG-DR grantee receiving an allocation of CDBG-MIT funds. The HUD-identified MID areas for each CDBG-MIT grant are those identified by

HUD in the following **Federal Register** notices for the grantee's 2015, 2016, or 2017 CDBG-DR grants (collectively, the "Prior Notices"):

- *2015 Disasters*: 81 FR 39687; 82 FR 36812;
- *2016 Disasters*: 81 FR 83254; 82 FR 5591; 82 FR 36812; and
- *2017 Disasters*: 82 FR 61320; 83 FR 5844; 83 FR 40314.

The amount of CDBG-MIT funding grantees must expend to mitigate risks within the HUD-identified MID areas is listed in Table 1. In some instances, HUD previously identified the entire jurisdiction of a grantee as the MID area. For all other CDBG-MIT grantees, HUD is requiring that at least 50 percent of all CDBG-MIT funds must be used for mitigation activities that address identified risks within the HUD-identified MID areas. HUD will include 50 percent of a grantee's expenditures for grant administration in its determination that 50 percent of the total award has been expended in the HUD identified MID areas. Additionally, expenditures for planning activities may be counted towards a grantee's 50 percent MID expenditure requirement, provided that the grantee describes in its action plan how those planning activities benefit the HUD identified MID areas.

HUD may approve a grantee's request to add other areas to the HUD-identified MID areas based upon the grantee's submission of a data-driven analysis that illustrates the basis for designating the additional area as most impacted and distressed as a result of the qualifying disaster. As the HUD-identified MID areas for CDBG-MIT funds are the same as those identified for each grantee in the Prior Notices, a

grantee seeking to amend its HUD-identified MID area for purposes of its CDBG-MIT grant, must also amend the HUD-identified MID area for its corresponding 2015, 2016, or 2017 CDBG-DR grant. Grantees proposing to add to the HUD-identified MID area for their existing CDBG-DR grant shall do so through a substantial amendment that includes a consideration of unmet housing recovery needs. The grantee must also undertake a substantial amendment to its CDBG-MIT action plan so that the HUD-identified MID areas are the same across both grants. The grantee may submit the substantial amendments for both grants simultaneously.

Grantees may determine where to use the remaining 50 percent of the CDBG-MIT grant (the grantee-identified MID areas), but that portion of the grant must be used for mitigation activities that address identified risks within those areas that the grantee determines are most impacted and distressed resulting from the major disasters identified by the disaster numbers listed in Table 1. The grantee-identified MID areas must be determined through the use of quantifiable and verifiable data.

Grantee expenditures for eligible mitigation activities outside of the HUD-identified or grantee-identified MID area may be counted toward the MID area expenditure requirements provided that the grantee can demonstrate how the expenditure of CDBG-MIT funds outside of this area will measurably mitigate risks identified within the HUD-identified or grantee-identified MID area (e.g., upstream water retention projects to reduce downstream flooding in the HUD-identified MID area).

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III. Allocations: TABLE 1 – ALLOCATIONS FOR MITIGATION ACTIVITIES

Disaster No.	State	Grantee	CDBG-MIT Allocation	Minimum amount that must be expended in the HUD-identified "most impacted and distressed" areas listed herein	HUD-identified "most impacted and distressed" areas
4344; 4353	California	State of California	\$88,219,000.00	\$44,109,500.00	Sonoma and Ventura counties; 93108, 94558, 95422, 95470, and 95901 Zip Codes.
4280; 4283; 4337; 4341	Florida	State of Florida	\$633,485,000.00	\$316,742,500.00	Brevard, Broward, Clay, Collier, Duval, Hillsborough, Lee, Miami Dade, Monroe, Orange, Osceola, Palm Beach, Polk, St. Johns, St. Lucie, and Volusia counties; 32084, 32091, 32136, 32145, 32771, 33440, 33523, 33825, 33870, 32068, 33935, and 34266 Zip Codes.
4294; 4297; 4338	Georgia	State of Georgia	\$26,961,000.00	\$13,480,500.00	31520, 31548, and 31705 Zip Codes.
4263; 4277; 4272	Louisiana	State of Louisiana	\$1,213,917,000.00	\$606,958,500.00	East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita, Lafayette, Vermilion, Acadia, Washington, and St. Tammany Parishes
4317	Missouri	State of Missouri	\$41,592,000.00	\$20,796,000.00	63935, 63965, 64850, 65616, and 65775 Zip Codes.
4285	North Carolina	State of North Carolina	\$168,067,000.00	\$84,033,500.00	Bladen, Columbus, Cumberland, Edgecombe, Robeson, and Wayne Counties.
4241; 4286	South Carolina	State of South Carolina	\$157,590,000.00	\$50,978,000.00	Charleston, Clarendon, Dorchester, Florence, Georgetown, Horry, Marion, Sumter, and Williamsburg Counties.
4241		Columbia	\$18,585,000.00	\$18,585,000.00	Columbia
4241		Lexington County (Urban County)	\$15,185,000.00	\$15,185,000.00	Lexington County Urban County Jurisdictions.
4241		Richland County (Urban County)	\$21,864,000.00	\$21,864,000.00	Richland County Urban County Jurisdictions.
4223; 4245; 4266; 4269; 4272; 4332	Texas	State of Texas	\$4,297,180,000.00	\$2,105,646,500.00	Arlansas, Brazoria, Chambers, Fayette, Fort Bend, Galveston, Hardin, Harris, Hays, Hidalgo, Jasper, Jefferson, Liberty, Montgomery, Newton, Nueces, Orange, Refugio, San Jacinto, San Patricio, Travis, Victoria, and Wharton counties; 75979, 77320, 77335, 77351, 77414, 77423, 77482, 77493, 77979, 78934, 78945, 77612, 78956, 77632, and 78377 Zip Codes.
4223; 4245		Houston	\$61,884,000.00	\$61,884,000.00	Houston.
4223; 4245		San Marcos	\$24,012,000.00	\$24,012,000.00	San Marcos.
4273	West Virginia	State of West Virginia	\$106,494,000.00	\$53,247,000.00	Greenebrier, Clay, Kanawha and Nicholas Counties.
Total*:			\$6,875,044,000.00		

*The remaining \$9,059,472,000 will be allocated at a later date.

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In accordance with the Appropriations Act, HUD's allocation of CDBG-MIT funds is based on each grantee's proportional share of total

CDBG-DR funds allocated for all eligible disasters in 2015, 2016, and 2017.

IV. Overview of Grant Process

The grant process outlined below aligns with the typical order employed for CDBG-DR grants. However, the Department recognizes the potentially broad range of mitigation activities that may be funded pursuant to this notice and the critical importance of coordinating those investments across multiple jurisdictions. Accordingly, the Department is providing extended time frames and mechanisms for on-going citizen participation in the development and implementation of plans for mitigation activities funded pursuant to this notice.

To begin expending CDBG-MIT funds, the following steps are necessary:

- Grantee develops or amends its citizen participation plan for disaster recovery per the requirements in section V.A.3 to provide for the mitigation funding.

- Grantee consults with stakeholders, including required consultation with affected local governments, Indian Tribes, and public housing authorities (as identified in section V.A.7.).

- In accordance with the requirements in section V.A.1.a., 60 days prior to the deadline for the submission of an action plan as prescribed in section V.A.2.e., the grantee submits documentation for the certification of financial controls and procurement processes, and adequate procedures for grant management.

- Grantee publishes its action plan for mitigation on the grantee's required public website for no less than 45 calendar days to solicit public comment and convenes the required amount of public hearings on the proposed plan.

- Pursuant to the date prescribed in section V.A.2.e., grantee responds to public comment and submits its action plan (which includes Standard Form 424 (SF-424) and certifications), its implementation plan and capacity assessment submissions in accordance with the requirements in section V.A.1.b., and projection of expenditures and outcomes to HUD.

- Grantee requests and receives Disaster Recovery Grant Reporting (DRGR) system access (if the grantee does not already have DRGR access) and may enter activities into the DRGR system before or after submission of the action plan to HUD. Any activities that are changed as a result of HUD's review must be updated once HUD approves the action plan.

- HUD reviews (within 60 days from date of receipt) the action plan

according to criteria identified for CDBG-MIT funds, and either approves or disapproves the plan. If the action plan is not approved, HUD will notify the grantee of the deficiencies. The grantee must then resubmit the action plan within 45 days of the notification.

- After the action plan is approved, HUD sends an action plan approval letter.

- Prior to transmittal of the grant agreement, HUD notifies grantees of its certification of the grantee's financial controls, procurement processes and grant management procedures and its acceptance of the implementation plan and capacity assessment.

- HUD sends the grant agreement to the grantee.

- Grantee signs and returns the grant agreement to HUD.

- Grantee posts the final HUD-approved action plan on its official website.

- HUD establishes the grantee's line of credit.

- Grantee enters the activities from its approved action plan into the DRGR system if it has not previously done so and submits its DRGR action plan to HUD (funds can be drawn from the line of credit only for activities that are established in the DRGR system).

- The grantee must publish (on its website) policies for programs and activities implemented by the grantee with CDBG-MIT funds.

- The grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24 CFR part 58 or as authorized by the Appropriations Act and, as applicable, receives from HUD the Authority to Use Grant Funds (AUGF) form and certification.

- Substantial amendments are subject to a 30-day public comment period, including posting to grantee's website, followed by a 60-day review period for HUD.

V. Applicable Rules, Statutes, Waivers, and Alternative Requirements

This section of the notice describes requirements imposed by the Appropriations Act, as well as waivers and alternative requirements that apply to the CDBG-MIT funds provided in the Appropriations Act. The waivers and alternative requirements provide flexibility in program design and implementation to support the prudent implementation of mitigation activities to lessen the impact of future disasters, while ensuring that statutory requirements are met. For each waiver and alternative requirement, the Secretary has determined that good

cause exists, and the waiver or alternative requirement is not inconsistent with the overall purpose of title I of the HCDA.

The Appropriations Act authorizes the Secretary to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient, of these funds, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment. HUD also has regulatory waiver authority under 24 CFR 5.110, 91.600, and 570.5.

Grantees may request additional waivers and alternative requirements from the Department as needed to address specific needs related to their mitigation activities. Grantee requests for waivers and alternative requirements must be accompanied by relevant data to support the request and must demonstrate to the satisfaction of the Department that there is good cause for the waiver or alternative requirement. Grantees must work with the assigned CPD representative to request any additional waivers or alternative requirements from HUD headquarters. Except where noted, the waivers and alternative requirements described below apply only to the CDBG-MIT funds. Under the requirements of the Appropriations Act, waivers and alternative requirements must be published in the **Federal Register** and are effective five days after publication. Considering the time necessary for the development and publication of **Federal Register** notices, grantees are advised to allow sufficient time for consideration, approval and publication of requests for waivers and alternative requirements.

Except as described for CDBG-MIT funds, statutory and regulatory provisions governing the State CDBG program apply to States receiving a CDBG-MIT grant, including but not limited to, the principle of maximum feasible deference as provided at 24 CFR 570.480. In addition, except as provided herein, the statutory and regulatory provisions governing the Entitlement CDBG program apply only to local governments receiving a CDBG-MIT grant. Statutory provisions (title I of the HCDA) can be found at 42 U.S.C. 5301 *et seq.* State and Entitlement CDBG regulations can be found at 24 CFR part 570. References to the action plan in these regulations refer to the action plan required by this notice. All **Federal Register** notice references to timelines and/or deadlines are calendar days unless otherwise noted.

*V.A. Grant Administration and Action Plan Requirements**V.A.1. Pre-award evaluation of management and oversight of funds.*

The Administration intends to closely monitor all aspects of the CDBG-MIT effort. This approach fits with the view that the CDBG-MIT initiative will require a high level of interaction between HUD and grantees to ensure performance and compliance across the implementation spectrum. Consistent with this approach, HUD will place great focus on the question of whether grantees have developed and submitted CDBG-MIT plans consistent with the requirements for CDBG-MIT funds, with particular attention to implementation plans and capacity assessments. The Department encourages grantees to identify in their plan any management and administrative reforms that have or will be implemented to improve accountability and outcomes associated with the use of CDBG-MIT funds.

Consistent with 2 CFR part 200, HUD will use grant conditions to the fullest extent possible to effectuate grantee policies that will contribute not only to improved outcomes in the use of CDBG-MIT funding but also help strengthen grantee management practices and long-term resilience. The Department may, if warranted, restrict the availability of funds until such time as various grant conditions are met by individual grantees. Grantees are reminded that HUD may, at any time, add new grant conditions based on performance or lack thereof or may pursue remedies based on performance consistent with subpart O of the CDBG regulations (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570.

V.A.1.a. Certification of financial controls and procurement processes, and adequate procedures for proper grant management. The Appropriations Act requires that the Secretary certify, in advance of signing a grant agreement, that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 U.S.C. 5155, to ensure timely expenditure of funds, maintain a comprehensive website regarding all mitigation activities assisted with these funds, and detect and prevent waste, fraud, and abuse of funds. To enable the Secretary to make this certification, each grantee must submit to HUD the

certification documentation listed below. This information must be submitted 60 days prior to the deadline for the submission of an action plan. Grant agreements will not be executed until HUD has approved the grantee's certifications. Grantees must implement the CDBG-MIT grant consistent with the controls, processes and procedures as certified by HUD.

For each of the items (1) through (6) below, the grantee must also provide a table that clearly indicates which agency and personnel are responsible for each task along with contact information. All grantees must certify to the accuracy of its documentation and must submit this certification with its action plan, as required in section VI.1.

(1) Proficient financial management controls. The grantee must submit information upon which HUD can make the determination of proficient financial controls. A grantee has proficient financial management controls if each of the following criteria is satisfied:

(a) Single audit report and consolidated annual financial report. The grantee submits its most recent single audit and consolidated annual financial report (CAFR), which indicates, in HUD's determination, that the grantee has no material weaknesses, deficiencies, or concerns that HUD considers to be relevant to the financial management of the grant. If the grantee's most recent single audit or CAFR identified material weaknesses or deficiencies, the grantee must provide documentation satisfactory to HUD showing how those weaknesses have been removed or are being addressed; and

(b) Grantee assessment of its financial standards and completed Public Law 115-123 Financial Management and Grant Compliance Certification and supporting documentation. The grantee has assessed its financial standards and has submitted a completed Public Law 115-123 Financial Management and Grant Compliance Certification (Compliance Certification) available on the HUD Exchange website at <https://www.hudexchange.info/CDBG-MIT/CDBG-MIT-laws-regulations-and-federal-register-notices/>, together with all documentation required in the Compliance Certification to comply with the requirements and standards of the Compliance Certification. The grantee must identify which sections of its financial standards address applicable questions in the Compliance Certification and must continue to maintain such standards until grant closeout.

(2) Procurement processes/standards. HUD will determine whether the overall

effect of the grantee's procurement processes/standards upholds the principles of full and open competition and whether the procurement processes/standards require an evaluation of the cost or price of the property or service. A grantee must submit its procurement policies and procedures and must demonstrate that the grantee will comply with the procurement requirements in section V.A.25. of this notice. The grantee must also provide a legal opinion that it has proficient procurement policies and procedures.

A State has proficient procurement policies and processes if HUD determines that its procurement processes/standards uphold the principles of full and open competition and include an evaluation of the cost or price of the property or service, and if its procurement processes/standards either (a) adopted 2 CFR 200.318 through 200.326; or (b) follows its own procurement policies and procedures and establishes requirements for procurement policies and procedures for local governments and subrecipients based on full and open competition pursuant to 24 CFR 570.489(g), and the requirements applicable to the State, its local governments, and subrecipients include evaluation of the cost or price of the product or service; or (c) adopted 2 CFR 200.317, meaning that it will follow its own State procurement policies and procedures and will evaluate the cost or price of the product or service, but impose 2 CFR 200.318 through 200.326 on its subrecipients.

Local governments have proficient procurement policies and processes if those policies and processes are consistent with the specific applicable procurement standards identified in 2 CFR 200.318 through 200.326. When the grantee provides a copy of its procurement standards, it must indicate the sections of its procurement standards that incorporate these provisions.

(3) Duplication of benefits procedures. A grantee has adequate procedures to prevent the duplication of benefits if the grantee submits uniform processes that reflect the requirements of section V.A.24. of this notice, including: (a) Verifying all sources of assistance received by the grantee or applicant, as applicable, prior to the award of CDBG-MIT funds; (b) determining a grantee's or an applicant's remaining funding need(s) for CDBG-MIT assistance before committing funds or awarding assistance; and (c) requiring beneficiaries to enter into a signed agreement to repay any duplicative assistance if they later receive

additional assistance for the same purpose for which the CDBG-MIT award was provided. The grantee must identify a method to monitor compliance with the terms of the agreement for a reasonable period and must articulate this method in its written procedures, including the basis for the period of time in which the grantee will monitor for compliance. This agreement must also include the following language: "Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729."

Policies and procedures of the grantee submitted to support the certification must provide that prior to the award of assistance, the grantee will use the best, most recent available data from FEMA, the Small Business Administration (SBA), insurers, and any other sources of local, state and federal sources of funding to prevent the duplication of benefits. In developing these policies and procedures, grantees are directed to the **Federal Register** notice published on June 20, 2019 entitled, "Updates to Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees" (2019 DOB Notice) (84 FR 28836). A grantee's policies and procedures are adequate if they reflect the treatment of loans that is consistent with the requirements of the Declined Loans Provision and the Disaster Recovery Reform Act (Pub. L. 115-254, Division D, "DRRA") as explained in section V.A.24. of this notice and the 2019 DOB Notice.

(4) **Timely expenditures.** A grantee has adequate procedures to determine timely expenditures if it submits procedures that indicate the following to HUD: How the grantee will track expenditures each month; how it will monitor expenditures of its subrecipients; how it will account for and manage program income; how it will reprogram funds in a timely manner for activities that are stalled; how it will ensure that contracts and bills that require payment will be timely paid; how it will project expenditures of all CDBG-MIT funds within the period provided for in section V.A.26. of this notice; how it will ensure that its actual and projected expenditure of funds is accurately reported to HUD in its DRGR Quarterly Performance Report (QPR). The grantee shall also identify the personnel or organizational unit responsible for ensuring timely expenditures.

(5) **Comprehensive mitigation website** linked to the grantee's disaster recovery

website. A grantee has adequate procedures to maintain a comprehensive website regarding all disaster recovery and mitigation activities funded under the Prior Notices and this notice, if it submits procedures that indicate that the grantee will have a separate page dedicated to CDBG-MIT activities that includes the information described in section V.A.3.d. of this notice and any additional information subsequently required by HUD. The procedures must also indicate the frequency of website updates. At a minimum, a grantee must update its website monthly and must link its CDBG-MIT website with the website required for its CDBG-DR grant. Additionally, HUD may require grantees to publish additional reports or dashboards on the grantee's website.

(6) **Procedures to detect and prevent fraud, waste, and abuse.** A grantee has adequate procedures to detect and prevent fraud, waste and abuse if it submits policies or procedures that enhance those previously certified by the Department for the grantee's CDBG-DR grant and if those policies or procedures include:

- (i) The criteria to be used to evaluate the capacity of potential subrecipients;
- (ii) The frequency with which the grantee will monitor other agencies of the grantee that will administer CDBG-MIT funds, how it will enhance its monitoring of subrecipients, contractors and other program participants, how and why monitoring is to be conducted and which items are to be monitored;
- (iii) Enhancements to the internal auditor function established for the grantee's CDBG-DR grant; or if the CDBG-MIT grant is to be administered by an agency that does not administer the CDBG-DR grant, how the internal auditor function is to be established and resourced. The internal audit function must provide both programmatic and financial oversight of grantee activities and the submission must include a document signed by the internal auditor that describes his or her role in detecting fraud, waste, and abuse. Additionally, grantees may, as a special grant condition, be required to submit internal audit reports directly to HUD;
- (iv) A conflict of interest policy and the process for promptly identifying and addressing such conflicts; and
- (v) Information on how the grantee will verify the accuracy of information provided by applicants.

Instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hud.oig.gov).

V.A.1.b. **Implementation plan and capacity assessment.** CDBG-MIT funds

will typically require grantees to adopt new roles and responsibilities within their organization and to establish new working relationships with other entities external to the organization. Before signing a grant agreement, HUD requires each grantee to demonstrate that it has sufficient capacity to manage these funds and the associated risks. Evidence of grantee management capacity must be provided through the grantee's implementation plan and capacity assessment submissions. These submissions must meet the criteria in (1) and (2) below and must be submitted with the grantee's action plan. The grantee must certify to the accuracy of its documentation as required by section VI.1. of this notice. Grantees must implement the CDBG-MIT grant consistent with the implementation plan and capacity assessment as approved by HUD pursuant to this paragraph.

A grantee has sufficient management capacity if it submits documentation showing that each of the following criteria are satisfied:

(1) **Timely information on application status.** A grantee has a adequate procedures to enable applicants to determine the status of their applications for mitigation assistance, at all phases, if its procedures indicate methods for communication (*i.e.*, website, telephone, case managers, letters, etc.), ensure the accessibility and privacy of individualized information for all applicants, indicate the frequency of applicant status updates, and identify which personnel or agency is responsible for informing applicants of the status of applications.

(2) **Implementation plan.** To enable HUD to assess risk as described in 2 CFR 200.205(c), the grantee must submit an implementation plan to the Department. The plan must describe the grantee's capacity to carry out mitigation activities, how it will address any capacity gaps, and how agency staff that administer CDBG-DR and CDBG-MIT funds will work with their counterparts who manage the grantee's FEMA-funded mitigation activities. If a grantee chooses to designate the agency that administers its FEMA funds as the entity for administration of its CDBG-MIT funds, the implementation plan must indicate how that agency will coordinate its activities with the agency that administers its CDBG-DR grant and will ensure compliance with all generally applicable CDBG requirements. HUD will determine a plan is adequate to reduce risk if, at a minimum it adequately addresses (a) through (e) below:

(a) Capacity assessment. The grantee has assessed its capacity to carry out mitigation activities and has developed a timeline with milestones describing when and how the grantee will address all capacity gaps that are identified. The assessment must include a list of any open CDBG-DR findings and an update on the corrective actions undertaken to address each finding. HUD may include additional requirements in the grantee's grant terms and conditions to prevent similar findings for this grant.

(b) Staffing. The plan shows that the grantee has accurately assessed staff capacity and identified adequate personnel who: Have documented experience in the timely development and implementation of mitigation programs particularly as it relates to activities in infrastructure, housing, and economic development (if applicable); are responsible for procurement/contract management, compliance with the regulations implementing Section 3 of the Housing and Urban Development Act of 1968 (24 CFR part 135) (Section 3), fair housing compliance, and environmental compliance; and are responsible for monitoring and quality assurance, and financial management. An adequate plan must also describe the agency's internal audit function, including responsible audit staff reporting independently to the chief elected official or executive officer or governing board of the designated administering entity. To help complete this exercise, grantees may choose to use the "Staffing Analysis Worksheet" available on the HUD Exchange at <https://www.hudexchange.info/programs/cdbg-dr/toolkits/program-launch/#capacity>.

(c) Internal and interagency coordination. The plan describes how the grantee will ensure effective communication and coordination between State and local departments and divisions involved in the design and implementation of mitigation planning and projects, including, but not limited to the following: Departments responsible for developing the HMP for applicable jurisdictions; departments implementing the HMGP; subrecipients responsible for implementing the grantee's action plan; and local and regional planning departments to ensure consistency and the integration of CDBG-MIT activities with those planning efforts.

(d) Technical assistance. The grantee's implementation plan describes how it will procure and provide technical assistance for any personnel that the grantee does not employ at the time of action plan submission, and to fill gaps in knowledge or technical expertise

required for successful and timely implementation where identified in the capacity assessment.

(e) Accountability. The grantee's plan identifies the lead agency responsible for implementation of the CDBG-MIT grant and indicates that the head of that agency will report directly to the chief executive officer of the jurisdiction.

During the course of the CDBG-MIT grant, HUD will continually monitor each grantee's use of funds to determine the grantee's adherence to and consistency with the plan, as well as meeting the performance and timeliness objectives therein. A material failure to comply with the grantee's implementation plan, as approved by HUD, will prompt HUD to exercise any of the corrective or remedial actions authorized pursuant to subpart O of the CDBG regulations (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570.

V.A.2. CDBG-MIT Action Plan waiver and alternative requirement.

Requirements for CDBG action plans, in 42 U.S.C. 5304(a)(1), 42 U.S.C. 5304(m), 42 U.S.C. 5306(d)(2)(C)(iii), 42 U.S.C. 5306(a)(1), 42 U.S.C. 12705(a)(2), 24 CFR 91.320, and 24 CFR 91.220, are waived for CDBG-MIT grants. Instead, grantees must submit to HUD an action plan for the use of CDBG-MIT funds which will describe programs and projects that conform to applicable requirements as specified for CDBG-MIT funds. The Secretary may disapprove an action plan as substantially incomplete if it is determined that the plan does not satisfy some or all the required elements identified for CDBG-MIT funds. HUD will monitor the grantee's actions and use of funds to determine the grantee's adherence to and consistency with the plan, as well as meeting the performance and timeliness objectives therein.

V.A.2.a. Action plan. The action plan must identify how the proposed use of all funds: (1) Meets the definition of mitigation activities; (2) addresses the current and future risks as identified in the grantee's Mitigation Needs Assessment of most impacted and distressed areas as defined in section I.I.C.; (3) will be CDBG-eligible activities under title I of the HCDA or otherwise eligible pursuant to a waiver or alternative requirement; and (4) will meet a national objective, including additional criteria for mitigation activities and Covered Projects.

The action plan must describe the impacts of the use of CDBG-MIT funds geographically by type at the lowest

level practicable (e.g., county level, zip code, neighborhood, or census tract). A grantee must also identify any CDBG-MIT projects that are to be used in combination with CDBG-DR funds allocated to the grantee to address unmet disaster recovery needs. This combination of funds is possible because a mitigation project or program that meets the requirements for CDBG-MIT funds, remains eligible for CDBG-MIT funding even if it also responds to a remaining unmet recovery need of the qualified disasters.

Several resources are available to grantees to assist in the development of the Mitigation Needs Assessment and corresponding proposed activities required in the action plan, as appropriate, including: The FEMA Hazard Mitigation Planning Resources website: <https://www.fema.gov/hazard-mitigation-planning-resources>; the FEMA State Mitigation Planning Resources website: <https://www.fema.gov/state-mitigation-planning-resources>; The FEMA State Mitigation Planning Key Topics Bulletins: <https://www.fema.gov/media-library/assets/documents/115780>; the FEMA Local Mitigation Planning Resources website: <https://www.fema.gov/local-mitigation-planning-resources>; the U.S. Forest Service's resources on wildland fire (<https://www.fs.fed.us/managing-land/fire/>); and the National Interagency Coordination Center (NICC) which is the focal point for coordinating the mobilization of resources for wildland fire: <https://www.nifc.gov/nicc/>.

Grantees that have a FEMA-approved standard State HMP pursuant to 44 CFR 201.4, an enhanced HMP in accordance with 44 CFR 201.5 or other FEMA-approved mitigation plan, are required to use those plans and each plan's risk assessment to inform its response to the action plan requirements below. Grantees must reference these plans and indicate how the risks identified in the Mitigation Needs Assessment have been informed by the risks identified in the FEMA mitigation plan.

Mitigation needs evolve over time and grantees are to amend the Mitigation Needs Assessment and action plan as conditions change, additional mitigation needs are identified, and additional resources become available.

In addition to the waiver and alternative requirement established for CDBG-MIT action plans in this section of the notice, HUD is establishing an alternative requirement that grantees shall implement CDBG-MIT programs and projects in accordance with their action plan and with the descriptions provided by the grantee in the action

plan in response to elements (1) through (12) below:

(1) A Mitigation Needs Assessment. Each grantee must assess the characteristics and impacts of current and future hazards identified through its recovery from the qualified disaster and any other Presidentially-declared disaster. Mitigation solutions designed to be resilient only for threats and hazards related to a prior disaster can leave a community vulnerable to negative effects from future extreme events related to other threats or hazards. When risks are identified among other vulnerabilities during the framing and design of mitigation projects, implementation of those projects can enhance protection and save lives, maximize the utility of scarce resources, and benefit the community long after the projects are complete. Accordingly, each grantee receiving a CDBG-MIT allocation must conduct a risk-based assessment to inform the use of CDBG-MIT funds to meet its mitigation needs, considering identified current and future hazards.

Grantees must assess their mitigation needs in a manner that effectively addresses risks to indispensable services that enable continuous operation of critical business and government functions, and are critical to human health and safety, or economic security. The Mitigation Needs Assessment must quantitatively assess the significant potential impacts and risks of hazards affecting the following seven critical service areas, or community lifelines:

- Safety and Security
- Communications
- Food, Water, Sheltering
- Transportation
- Health and Medical
- Hazardous Material (Management)
- Energy (Power & Fuel)

CDBG-MIT funds activities that ensure that these critical areas are made more resilient and are able to reliably function during future disasters, can reduce the risk of loss of life, injury, and property damage and accelerate recovery following a disaster.

In the Mitigation Needs Assessment, each grantee must cite data sources and must at a minimum, use the risks identified in the current FEMA-approved state or local HMP. If a jurisdiction is currently updating an expired HMP, the grantee's agency administering the CDBG-MIT funds must consult with the agency administering the HMP update to identify the risks that will be included in the Mitigation Needs Assessment. A grantee may identify additional risks that are not included in its jurisdiction's

HMP but must at a minimum address the risks included in its jurisdiction's HMP. Grantees must include citations from the State or local HMP as evidence that the Mitigation Needs Assessment is consistent with such plan.

In responding to this action plan requirement and presenting the required information, grantees must review and certify to HUD that they have considered, at a minimum, the following resources, as appropriate: FEMA Local Mitigation Planning Handbook: https://www.fema.gov/media-library-data/20130726-1910-25045-9160/fema_local_mitigation_handbook.pdf; DHS Office of Infrastructure Protection (<https://www.dhs.gov/sites/default/files/publications/ip-fact-sheet-508.pdf>); National Association of Counties, Improving Lifelines (2014): https://www.naco.org/sites/default/files/documents/NACo_ResilientCounties_Lifelines_Nov2014.pdf; the U.S. Forest Service's resources around wildland fire (<https://www.fs.fed.us/managing-land/fire/>); the National Interagency Coordination Center (NICC) for coordinating the mobilization of resources for wildland fire: <https://www.nifc.gov/nicc/>; and HUD's CPD Mapping tool: <https://egis.hud.gov/cpdmaps/>.

(2) Long-term planning and risk mitigation considerations. The grantee must describe how it plans to: Promote local and regional long-term planning and implementation informed by its Mitigation Needs Assessment, including through the development and enforcement of building codes and standards (such as wildland urban interface; and flood and all hazards, including ASCE-24 and ASCE-7, as may be applicable), vertical flood elevation protection, and revised land use and zoning policies; coordinate with other planning efforts by local and regional entities to ensure alignment of CDBG-MIT activities with those plans; and support actions to promote an increase in hazard insurance coverage.

For flood mitigation efforts: Grantees must consider high wind and continued sea level rise and ensure responsible floodplain and wetland management based on the history of flood mitigation efforts and the frequency and intensity of precipitation events. For wildfire mitigation efforts: Grantees must consider land-use plans that address density and quantity of development, as well as emergency access, landscaping, and water supply considerations. For tornado mitigation efforts: Grantees must consider promoting the construction and use of safe rooms and require or encourage wind engineering

measures and construction techniques into building codes. CDBG-MIT funds may be used to reimburse planning and administrative costs for developing the action plan, including the Mitigation Needs Assessment, for the preparation or update of a State, local or tribal FEMA HMPs, and for compliance with environmental review and citizen participation requirements.

(3) Connection of mitigation programs and projects to identified risks. For each proposed program or project in the action plan, the grantee must address how the program or project mitigates specific current and future risks identified in the Mitigation Needs Assessment.

(4) Low- and moderate-income priority. Proposed mitigation programs and projects must prioritize the protection of low-and-moderate income (LMI) individuals. Each grantee must describe in its action plan how it will prioritize programs and projects that will protect LMI persons in order to meet the overall benefit requirement pursuant to this notice.

Additionally, if the grantee's programs or projects will increase the resiliency of housing, the grantee must describe how the programs or projects will do so for housing that typically serves vulnerable populations, including the following housing: Transitional housing, permanent supportive housing, permanent housing serving individuals and families (including subpopulations) that are homeless and at-risk of homelessness, and public housing developments.

Grantees must also assess how the use of CDBG-MIT funds may affect members of protected classes under fair housing and civil rights laws, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote more resilient affordable housing and will respond to natural hazard related impacts.

(5) Coordination of mitigation projects and leverage. Each grantee must propose mitigation programs or projects that advance long-term resilience to current and future hazards. Additionally, each grantee must align its CDBG-MIT programs or projects with other planned federal, state, regional, or local capital improvements. In order to meet these requirements, each grantee must describe how the proposed mitigation programs or projects will: (a) Advance long-term resilience; (b) align with other planned capital improvements; and (c) promote community-level and regional (e.g., multiple local jurisdictions) planning for current and future disaster recovery efforts and additional mitigation investments.

Additionally, each grantee must describe how it will leverage CDBG-MIT funds with other funding provided through public-private partnerships and by other Federal, State, local, private, and nonprofit sources to generate more effective and comprehensive mitigation outcomes. Examples of other Federal sources are additional funding provided by HUD, FEMA (specifically the Public Assistance Program, Individual Assistance Program, and Hazard Mitigation Grant Program), SBA (specifically the Disaster Loans program), Economic Development Administration, U.S. Army Corps of Engineers (USACE), the Department of Transportation, and the Department of Agriculture including the U.S. Forest Service's Good Neighbor Authority (GNA), Stewardship Contracts, and Wildfire Resilience Treatments. The grantee must describe how it will seek to maximize the outcomes of investments and the degree to which CDBG-MIT funds are effectively leveraged, including through public-private partnerships and a commitment of funding by the grantee. Grantees shall identify any leveraged funds for each activity in the DRGR system.

(6) Plans to minimize displacement and ensure accessibility. Each grantee must describe how it plans to minimize displacement of persons or entities, and assist any persons or entities displaced through its mitigation activities (except for mitigation through voluntary buyout activities that are designed to move households out of harm's way). This description shall focus on proposed activities that may directly or indirectly result in displacement and the assistance that shall be required for those displaced. Grantees are reminded that they must take into consideration the functional needs of persons with disabilities in the relocation process. Guidance on relocation considerations for persons with disabilities may be found in Chapter 3 of HUD's Relocation Handbook 1378.0 (available on the HUD Exchange website at: https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/13780).

(7) Maximum award amounts, necessary, and reasonable assistance. For each mitigation program providing a direct benefit to a person, household or business, the action plan must specify the maximum amount of assistance available to a beneficiary under each of the grantee's mitigation programs. A grantee may find it necessary to provide exceptions on a case-by-case basis to the maximum amount of assistance and must describe the process it will use to make such

exceptions in its action plan. At minimum, each grantee must indicate that it will adopt policies and procedures governing maximum award amounts, describe how it will communicate the maximum amounts and any exceptions, how it will analyze the circumstances under which an exception is needed and how it will demonstrate that cost of providing assistance is necessary and reasonable. Each grantee must also indicate that it will make exceptions to the maximum award amounts when necessary to comply with federal accessibility standards or to reasonably accommodate a person with disabilities.

(8) Natural infrastructure. Grantees are encouraged to develop a process to incorporate nature-based solutions and natural or green infrastructure in the selection and/or design of CDBG-MIT projects. Each grantee is encouraged to describe how it will consider natural infrastructure during the project selection process (e.g., alternatives and benefit-cost analysis); or propose projects and programs in the action plan that incorporate natural infrastructure. Natural or green infrastructure is defined as the integration of natural processes or systems (such as wetlands or land barriers) or engineered systems that mimic natural systems and processes into investments in resilient infrastructure, including, for example, using permeable pavements and amended soils to improve infiltration and pollutant removal.

(9) Construction standards. Each grantee must describe how it will: (a) Emphasize quality, durability, energy efficiency, sustainability, and mold resistance, as applicable; (b) consider application of the Green Building Standards as amended from the Prior Notices and as explained in section V.B.1.a. of this notice; and (c) adhere to the advanced elevation requirements established in section V.B.1.d. of this notice, if applicable. For grantees addressing flood risks, the grantee must describe how it will document its decision to elevate structures and how it evaluated and determined the elevation to be cost reasonable relative to other alternatives or strategies, such as the demolition of substantially-damaged structures with reconstruction of an elevated structure on the same site, property buyouts, or infrastructure improvements to reduce the risk of loss of life and property.

(10) Operation and maintenance plans. Each grantee must plan for the long-term operation and maintenance of infrastructure and public facility projects funded with CDBG-MIT funds. The grantee must describe in its action

plan how it will fund long-term operation and maintenance for CDBG-MIT projects. Funding options might include State or local resources, borrowing authority or retargeting of existing financial resources. If operations and maintenance plans are reliant on any proposed changes to existing taxation policies or tax collection practices, those changes and relevant milestones should be expressly included in the action plan. Additionally, the grantee must describe any State or local resources that have been identified for the operation and maintenance costs of projects assisted with CDBG-MIT funds.

(11) Cost verification. Each grantee must describe its controls for assuring that construction costs are reasonable and consistent with market costs at the time and place of construction. Grantees are encouraged to consider the use of an independent, qualified third-party architect, construction manager, or other professional (e.g., a cost estimator) to verify the planned project costs and cost changes to the contract (e.g., change orders) during implementation are reasonable. The method and degree of analysis may vary dependent upon the circumstances surrounding a particular project (e.g., project type, risk, costs), but the description, at a minimum, must address controls for CDBG-MIT infrastructure projects above a certain total project cost threshold identified by the grantee and for Covered Projects as defined for CDBG-MIT funds. More detailed cost verification requirements for Covered Projects are provided in section V.A.2.h. of this notice.

(12) Building code and hazard mitigation planning. Grantees are encouraged to propose an allocation of CDBG-MIT funds for building code development and implementation, land use planning and/or hazard mitigation planning activities that may include but need not be limited to: (a) The development and implementation of modern and resilient building codes consistent with an identified model or standard, such as ASCE 24 and ASCE 7 as may be applicable, in order to mitigate against current and future hazards; (b) the development and implementation of land use plans to address natural hazards identified in the grantee's Mitigation Needs Assessment; (c) the update of State, local, or tribal FEMA HMPs, if necessary; (d) for states choosing to do so, the development of a FEMA-approved enhanced mitigation plan; or (e) the integration of mitigation plans with parallel CDBG-MIT planning efforts. If a grantee chooses to not allocate CDBG-MIT funds for these activities, the grantee must describe

other sources of funding identified for such activities. The grantee shall describe the specific building code, land use planning, hazard mitigation planning, or other activities to be funded with the CDBG-MIT grant or from other sources.

V.A.2.b. *Funds awarded directly to a State.* For State grantees that choose to allocate funds directly to a local government or Indian tribe, the action plan shall describe the method of distribution of funds and/or descriptions of specific mitigation programs or projects the grantee will carry out directly. If the State will carry out activities directly, the description must include the requirements at (1) through (6) below:

(1) How the Mitigation Needs Assessment will inform the grantee's funding determinations.

(2) The threshold factors and grant size limits that are to be applied.

(3) The projected uses for the CDBG-MIT funds, by responsible organization, activity, and geographic area, when the grantee carries out an activity directly.

(4) For each proposed mitigation activity carried out directly, its respective CDBG activity eligibility category (or categories) and associated national objective(s), including additional criteria.

(5) When funds are subgranted to local governments or Indian tribes, all criteria to be used to distribute funds to local governments or Indian tribes, including the relative importance of each criterion.

(6) When applications are solicited for programs to be carried out directly, all criteria used to select applications for funding, including the relative importance of each criterion.

V.A.2.c. *Clarification of basic requirements for mitigation activities.*

Unlike CDBG-DR funds where grantees must demonstrate that their disaster recovery activities "tie-back" to the specific disaster and address a specific unmet recovery need for which the CDBG-DR funds were appropriated, CDBG-MIT funds do not require such a "tie-back" to the specific qualified disaster that has served as the basis for the grantee's allocation of CDBG-MIT funds. Grantees must instead demonstrate that CDBG-MIT activities:

(1) Meet the definition of mitigation activities; (2) address the current and future risks as identified in the grantee's Mitigation Needs Assessment in the most impacted and distressed areas; (3) are CDBG-eligible activities under title I of the HCDA or otherwise eligible pursuant to a waiver or alternative requirement; and (4) meet a national objective, including additional criteria

for mitigation activities and Covered Projects. The grantee can use CDBG-MIT funds for activities that meet these criteria even when it also responds to a remaining unmet recovery need arising from a qualified disaster that served as the basis for the grantee's CDBG-MIT allocation. Grantees may continue to categorize CDBG-MIT funds, to the extent appropriate, using the broader categories of activities that are associated with CDBG-DR awards: infrastructure, economic development, housing, planning and administration, and public services.

(1) *Infrastructure.* Typical infrastructure mitigation programs may include regional investments in risk reduction for flood, fire, wind and other hazards to develop disaster-resistant infrastructure; upgrading of water, sewer, solid waste, communications, energy, transportation, health and medical, and other public infrastructure to address specific, identified risks; financing multi-use infrastructure; and green or natural mitigation infrastructure development.

(2) *Economic development.* Examples of eligible programs include assistance to businesses for the installation of disaster mitigation improvements and technologies; financing to support the development of technologies, systems and other measures to mitigate future disaster impacts; "hardening" of commercial areas and facilities; and financing critical infrastructure sectors to allow continued commercial operations during and after disasters. Grantees are also strongly encouraged to leverage CDBG-MIT funds in economic development through coordination with Opportunity Zones established within the grantee's jurisdiction.

(3) *Housing.* Typical housing mitigation programs may include buyouts (potentially accompanied by additional housing or homeownership assistance for relocated families); elevation (which may be accompanied by rehabilitation, reconstruction, or new construction activities to support resilient housing); flood proofing; and wind, water, fire, earthquake retrofitting or "hardening" of single- and multi-family units to withstand future disasters.

(4) *Planning, administration and public services.* As noted in section V.A.2.a.(12) of this notice, CDBG-MIT funds may be used for the development of modernized and resilient building codes and land use plans, for the development and updating of FEMA-approved HMPs and for the development of State enhanced mitigation plans. Grantees may also use the CDBG-MIT funds for planning

activities that include the integration of mitigation planning with other local and regional mitigation community development, land use and other plans. CDBG-MIT funds may also be used to upgrade mapping, data and other capabilities to better understand evolving potential disaster risks.

Grantees may also fund planning and public service activities necessary to reduce flood insurance premiums in the NFIP voluntary Community Rating System's (CRS) incentive program (<https://www.fema.gov/national-flood-insurance-program-community-rating-system>).

Additional public service activities may include education and outreach campaigns designed to alert communities and beneficiaries to opportunities to further mitigate identified risks through insurance, best practices and other strategies.

(5) *Use of CDBG-MIT as match.* As provided by the HCDA, CDBG-MIT funds may be used to meet a matching requirement, share, or contribution for any other Federal program when used to carry out an eligible CDBG-MIT activity. This includes mitigation grants administered by FEMA or USACE. By law, (codified in the HCDA as a note to 105(a)), the maximum amount of CDBG-MIT funds that may be contributed to a USACE project is \$250,000. Note that the Appropriations Act prohibits the use of CDBG-MIT funds for any activity reimbursable by, or for which funds are also made available by FEMA or USACE. Grantees may only use CDBG-MIT funds to meet the match requirement of a program or project that meets the definition of a mitigation activity and other requirements of this notice and meet the eligibility requirements for a mitigation activity under the other federal program.

V.A.2.d. *Clarity of action plan.* Every grantee must include sufficient information so that all interested parties will be able to understand and comment on the action plan and, if applicable, be able to prepare responsive applications to the grantee. The action plan (and subsequent amendments) must include a single chart or table that illustrates, at the most practical level, how all funds are budgeted (e.g., by program, subrecipient, grantee-administered activity, or other category).

V.A.2.e. *Submission, review, and approval of action plan.* The action plan (including SF-424 and certifications) must be submitted to HUD for review and approval. To ensure that grantees have adequate time to address the planning requirements of this notice and to ensure a comprehensive and effective review of initial CDBG-MIT

action plans, HUD is assigning each grantee to a cohort and will stagger the submission dates for those cohorts. Each of these grantees is in the early stage of implementing their long-term recovery efforts using CDBG-DR unmet needs funding and the extended timeframe will partially reduce the burden of developing a CDBG-MIT action plan while still launching broad recovery efforts. State grantees that are administering a CDBG-DR grant for a 2015 or 2016 disaster are viewed as having a greater amount of experience with both CDBG-DR requirements and aligning mitigation programs and projects with FEMA HMGP requirements. Local government CDBG-MIT grantees may need additional time to build capacity in order to ensure the alignment of CDBG-DR and FEMA HMGP funds. State grantees in receipt of CDBG-DR funds for only 2017 disasters are properly focused on the timely implementation of recovery efforts in response to those disasters. HUD's capacity to assist grantees in the development of CDBG-MIT action plans and to review those plans in a timely manner also requires rolling dates for the submission of action plans. Accordingly, HUD will accept an action plan from cohorts no later than the dates identified below, unless the grantee has requested, and HUD has approved an extension of its target submission deadline:

- State CDBG-MIT grantees that currently administer CDBG-DR grants provided in response to a 2015 or 2016 disaster shall submit no later than February 3, 2020: Florida; Louisiana; North Carolina; South Carolina; Texas; and West Virginia.
- Local government CDBG-MIT grantees shall submit on no later than March 2, 2020: Columbia, SC; Lexington County, SC; Richland County, SC; Houston, TX; and San Marcos, TX.
- State CDBG-MIT grantees that currently administer only a CDBG-DR grant provided in response to a 2017 disaster shall submit no later than April 6, 2020: California; Georgia; and Missouri.

HUD will review each action plan within 60 days from the date of receipt. HUD may disapprove an action plan as substantially incomplete if the action plan does not meet the requirements of this notice, including grant requirements imposed by applicable waivers and alternative requirements to address the Administration's policy priorities.

V.A.2.f. Obligation and expenditure of funds. After HUD makes the required certifications and approves the action plan, a grant agreement obligating

allocated funds to the grantee must be entered into between HUD and the grantee. Subsequently, HUD will establish the line of credit and the grantee will receive DRGR system access (if it does not already have DRGR system access). The grantee must also enter its action plan activities into the DRGR system in order to draw funds for those activities. HUD will provide clarifying guidance as to the content and format of the DRGR action plan, which will help reflect the unique qualities and requirements of CDBG-MIT activities and ensure clear and transparent communication to the public.

Each activity must meet the applicable environmental requirements before any funds are committed to the activity, consistent with 24 CFR 58.22. The grantee may not draw down funds from the line of credit for an activity until after the Responsible Entity (usually the grantee):

- (1) Completes required environmental review(s) pursuant to 24 CFR part 58 or adopts the environmental review performed by another federal agency, as authorized by the Appropriations Act; and
- (2) Receives from HUD or the Responsible Entity (as applicable) an approved Request for Release of Funds and certification.

V.A.2.g. Amending the action plan. The grantee must amend its action plan to update its Mitigation Needs Assessment, modify or create new activities, or reprogram funds. Each amendment must be highlighted, or otherwise identified, within the context of the entire action plan. The beginning of every action plan amendment must include: (1) A section that identifies exactly what content is being added, deleted, or changed; (2) a chart or table that clearly illustrates where funds are coming from and where they are moving to; (3) a revised budget allocation table that reflects the entirety of all funds, as amended; and (4) a description of how the amendment is consistent with a grantee's Mitigation Needs Assessment. A grantee's current version of its entire action plan must be accessible for viewing as a single document at any given point in time, rather than the public or HUD having to view and cross-reference changes among multiple amendments.

(1) **Substantial amendment.** The grantee must provide a 30-day public comment period and reasonable method(s) (including electronic submission) for receiving comments on substantial amendments. In its action plan, each grantee must specify criteria for determining what changes in the

grantee's plan constitute a substantial amendment to the plan. At a minimum, the following modifications will constitute a substantial amendment: The addition of a CDBG-MIT Covered Project; a change in program benefit or eligibility criteria; the addition or deletion of an activity; or the allocation or reallocation of a monetary threshold specified by the grantee in its action plan. The grantee may substantially amend the action plan if it follows the same procedures required for CDBG-MIT funds for the preparation and submission of an action plan, provided, however, that a substantial action plan amendment shall require a 30-day public comment period.

(2) **Nonsubstantial amendment.** The grantee must notify HUD, but is not required to seek public comment, when it makes any plan amendment that is not substantial. HUD must be notified at least 5 business days before the amendment becomes effective. However, every amendment to the action plan (substantial and nonsubstantial) must be numbered sequentially and posted on the grantee's website. The Department will acknowledge receipt of the notification of nonsubstantial amendments via email within 5 business days. Nonsubstantial amendments shall be numbered in sequence with other nonsubstantial and substantial amendments and incorporated into the action plan.

V.A.2.h. Additional action plan requirements for CDBG-MIT Covered Projects.

Large-scale infrastructure projects that meet the definition of Covered Projects must be included in an action plan or substantial amendment. A Covered Project is an infrastructure project (as defined in V.A.2.h.(1) below) having a total project cost of \$100 million or more, with at least \$50 million of CDBG funds (regardless of source (CDBG-DR, CDBG-NDR, CDBG-MIT, or CDBG)).

The Department recognizes that grantees may seek to use CDBG-MIT grants to implement large, transformative infrastructure projects that will provide long-term benefits and strengthen a community's resilience to future hazards. To support the successful implementation and operation of these large-scale projects, the Department is establishing alternative requirements that impose additional criteria for all CDBG-MIT Covered Projects. All CDBG-MIT Covered Projects must meet the additional criteria to meet a national objective.

(1) **Definition of an infrastructure project.** This section defines an infrastructure project as it relates to

Covered Projects only. For purposes of this section of the notice, an infrastructure project is defined as an activity or group of related activities that develop the physical assets that are designed to provide or support services to the general public in the following sectors: Surface transportation, including roadways, bridges, railroads, and transit; aviation; ports, including navigational channels; water resources projects; energy production and generation, including from fossil, renewable, nuclear, and hydro sources; electricity transmission; broadband; pipelines; stormwater and sewer infrastructure; drinking water infrastructure; and other sectors as may be determined by the Federal Permitting Improvement Steering Council. Further, consistent with HUD's NEPA implementing requirements at 24 CFR 58.32(a), in responding to the requirements of this notice, a grantee must group together and evaluate as a single infrastructure project all individual activities which are related to one another, either on a geographical or functional basis, or are logical parts of a composite of contemplated infrastructure-related actions. Infrastructure improvements on private lands as authorized pursuant to section V.C.3 and that also meet the definition of a Covered Project shall also be subject to the Covered Project requirements of this notice.

(2) Covered Project action plan or substantial amendment requirements.

The following must be provided for each Covered Project proposed in an action plan or a substantial amendment:

(a) Project description and eligibility. A description of the Covered Project and how it meets the definition of a mitigation activity, including: Total project cost (including the CDBG-MIT grant as well as other federal resources for the project, such as funding provided by the Department of Transportation or FEMA); and CDBG eligibility under the HCDA or a waiver and alternative requirement (i.e., a citation to the paragraph in section 105 of the HCDA, applicable **Federal Register** notice, or a CDBG regulation).

(b) Consistency with the Mitigation Needs Assessment. A description of how the Covered Project addresses the current and future risks in the MID areas as identified in the grantee's Mitigation Needs Assessment.

(c) National objective, including additional criteria. The action plan must describe how the Covered Project will meet a national objective, including additional criteria for mitigation activities and Covered Projects. The national objectives for CDBG-MIT

projects are described in section V.A.13. HUD has established additional criteria for Covered Projects that require a plan for long-term efficacy and fiscal sustainability, a demonstration that benefits of the project outweigh the costs, and a demonstration that the Covered Project is consistent with other mitigation activities in the same MID area, as described below in (i) through (iii):

(i) Long-term efficacy and fiscal sustainability. A description of how the grantee plans to monitor and evaluate the efficacy and sustainability of the Covered Project, including its operation and maintenance of the Covered Project, how it will maintain documentation for the measurable outcomes or reduction in risk as discussed in section V.A.2.i. of this notice, and how it will reflect changing environmental conditions (such as sea level rise or development patterns) with risk management tools, and/or alter funding sources if necessary.

(ii) Demonstration of benefits.

(i.a.) *Demonstration of benefits through benefit cost analysis.* The action plan or substantial amendment must describe how the benefits of the Covered Project outweigh the costs of the Covered Project. Benefits outweigh costs if the Benefit Cost Analysis (BCA) results in a benefit-to-cost ratio greater than 1.0 (which aligns with FEMA's BCA ratio).

The action plan or substantial amendment must include a description of the methodology and the results of the BCA that has been conducted for the Covered Project. The grantee must indicate whether another Federal agency has rejected a BCA for the Covered Project (including any BCA for an earlier version of the current proposed Covered Project).

Grantees and subrecipients may use FEMA-approved methodologies and tools to demonstrate the cost-effectiveness of their projects. FEMA has developed the BCA Toolkit to facilitate the process of preparing a BCA. Using the BCA Toolkit will ensure that the calculations are prepared in accordance with OMB Circular A-94 and FEMA's standardized methodologies. It is imperative to conduct a BCA early in the project development process to ensure the likelihood of meeting the cost-effectiveness eligibility requirement.

A non-FEMA BCA methodology may be used when: (1) A BCA has already been completed or is in progress pursuant to BCA guidelines issued by other Federal agencies such as the Army Corps or the Department of Transportation; (2) it addresses a non-

correctable flaw in the FEMA-approved BCA methodology; or (3) it proposes a new approach that is unavailable using the FEMA BCA Toolkit. In order for HUD to accept any BCA completed or in progress pursuant to another Federal agency's requirements, that BCA must account for economic development, community development and other social/community benefits or costs and the CDBG-MIT project must be substantially the same as the project analyzed in the other agency's BCA.

(i.b.) *Alternate demonstration of benefits.* Alternatively, for a Covered Project that serves low- and moderate-income persons or other persons that are less able to mitigate risks or respond to and recover from disasters, the grantee may demonstrate that benefits outweigh costs if the grantee completes a BCA as described above and provides HUD with a benefit-to-cost ratio (which may be less than one) and a qualitative description of benefits that cannot be quantified but sufficiently demonstrate unique and concrete benefits of the Covered Project for low- and moderate-income persons or other persons that are less able to mitigate risks, or respond to and recover from disasters. This qualitative description may include a description of how the Covered Project will provide benefits such as enhancing a community's economic development potential, improving public health and or expanding recreational opportunities.

The grantee shall include the BCA for a Covered Project, together with any qualitative description of benefits for projects benefitting low- and moderate-income persons and other persons that are less able to mitigate risks, or respond to and recover from disasters, as an appendix to the action plan or substantial amendment that proposes the project.

(iii) Consistency with other mitigation activities. The grantee's action plan must demonstrate that the project is consistent with the other mitigation activities that the grantee will carry out with CDBG-MIT funds in the MID area. To be consistent, the Covered Project must not increase the risk of loss of life or property in a way that undermines the benefits from other uses of CDBG-MIT funds in the MID.

(3) HUD review of action plans and substantial amendments for Covered Projects. HUD will determine that a portion of an action plan or substantial amendment that proposes a Covered Project to be substantially incomplete if it does not meet the above criteria. In the course of reviewing an action plan or substantial amendment, HUD will advise a grantee of each deficiency and the grantee must revise the plan or

amendment to address the deficiency in order for HUD to resume consideration of this submission.

(4) **Implementation of Covered Projects.** Prior to the grantee's execution of a contract for the construction, rehabilitation, or reconstruction of an approved Covered Project the grantee shall have:

(a) Engaged an independent, third-party entity (e.g., a cost estimator) to verify the planned project costs and cost changes to the contract during implementation to determine the costs of the contract and any changes to the contract are reasonable;

(b) Secured the certification of a licensed design professional stating that the project design or redesign meets a nationally recognized design and performance standard applicable to the project, including, if applicable, criteria recognized by FEMA for a project of its type, pursuant to FEMA's Hazard Mitigation Assistance Guidance and Hazard Mitigation Assistance Guidance Addendum; and

(c) Established a plan for financing the operation and maintenance of the project during its useful life.

V.A.2.i. Projection of expenditures and outcomes. Each grantee must submit projected expenditures and outcomes with the action plan. The projections must be based on each quarter's expected performance—beginning with the quarter funds are available to the grantee and continuing each quarter until all funds are expended. The projections will enable HUD, the public, and the grantee to track proposed versus actual performance. The projections must also be clearly and conspicuously displayed on the grantee's website. If a grantee's performance indicates a pattern of deviation from projected expenditures and outcomes, HUD may review the grantee's capacity assessment and implementation plan and require an update to that plan or impose corrective actions to mitigate the risks associated with failure to meet projections. The published action plan must be amended for any subsequent changes, updates, or revision of the projections. Guidance on the preparation of projections is available on the HUD website: <https://www.hudexchange.info/resource/3685/cdbg-dr-grantee-projections-of-expenditures-and-outcomes/>.

V.A.3. Citizen participation waiver and alternative requirement. To permit a more robust process and ensure mitigation activities are developed through methods that allow all stakeholders to participate, and because citizens recovering from disasters are best suited to ensure that grantees will

be advised of any missed opportunities and additional risks that need to be addressed, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 24 § 91.105(b) and (c), and 24 CFR 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below. These revised requirements mandate public hearings (the number of which is based upon the amount of a grantee's CDBG-MIT allocation) across the HUD-identified MID areas and require the grantee to provide a reasonable opportunity (at least 45 days) for citizen comment and ongoing citizen access to information about the use of grant funds. The revised citizen participation requirements for CDBG-MIT grantees are:

V.A.3.a. Publication of the action plan and opportunity for public comment.

HUD continues to emphasize the importance of a robust citizen participation process, which shall include public hearings on the proposed action plan. Each grantee must either amend its existing citizen participation plan or adopt a new plan that incorporates the CDBG-MIT specific citizen participation requirements outlined in this section. The number of public hearings to be convened by a grantee shall be determined based upon the amount of the grantee's CDBG-MIT allocation: (1) CDBG-MIT grantees with allocations under \$500 million, are required to hold at least two public hearings in the HUD-identified MID areas in order to obtain citizens' views and to respond to proposals and questions. At least one of these public hearings is to occur prior to a grantee's publication for public comment of its action plan on its website, and all hearings are to be convened at different locations within the MID area in locations that ensure geographic balance and maximum accessibility. (2) CDBG-MIT grantees with allocations of \$500 million or more shall convene at least three public hearings in the HUD-identified MID areas to obtain citizens' views and to respond to proposals and questions. At least one of these public hearings is to occur prior to a grantee's publication for public comment of its action plan on its website, and all hearings are to be convened in different locations within the MID area in locations that ensure geographic balance and maximum accessibility. (3) CDBG-MIT grantees with allocations of \$1 billion or more shall hold at least four public hearings in the HUD-identified MID area to obtain citizens' views and to respond to proposals and questions.

At least two of these public hearings are to occur prior to a grantee's publication for public comment of its action plan on its website, and the hearings shall be held in different locations within the MID area in locations that ensure geographic balance and maximum accessibility. Public hearings must be held in facilities that are physically accessible to persons with disabilities. Existing federal requirements provide that where physical accessibility is not achievable, grantees must give priority to alternative methods of product or information delivery that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate under HUD's implementing regulations for Section 504 of the Rehabilitation Act (See 24 CFR part 8, subpart C).

In addition to the above public hearings, before the grantee submits the action plan for this grant or any substantial amendment to the action plan to HUD, the grantee will publish the proposed plan or amendment. The manner of publication must include prominent posting on the grantee's official website and must afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the plan or amendment's contents. The topic of disaster mitigation must be navigable by citizens from the grantee's (or relevant agency's) homepage. Grantees are also encouraged to notify affected citizens through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or contacts with neighborhood organizations. Grantees should also consider recording public hearings and making them available online for live viewing and creating archival video of the public meetings on the grantee's website. Plan publication efforts and public hearings must comply with civil rights requirements, including meeting the effective communications requirements under Section 504 of the Rehabilitation Act (see, 24 CFR 8.6) and the Americans with Disabilities Act (see 28 CFR 35.160); and must provide meaningful access for persons with Limited English Proficiency (LEP) (see HUD's LEP Guidance, 72 FR 2732 (2007)).

Grantees are responsible for ensuring that all citizens have equal access to information about the CDBG-MIT programs, including persons with disabilities and persons with limited English proficiency (LEP). Each grantee must ensure that mitigation program information is available in the appropriate languages for the geographic areas to be served (see HUD's LEP

Guidance, 72 FR 2732 (2007)) and take appropriate steps to ensure effective communications with persons with disabilities under Section 504 (see, 24 CFR 8.6) and the Americans with Disabilities Act (see 28 CFR 35.106). Since State grantees receiving CDBG-MIT funds may make grants throughout the State, including to Entitlement communities, States should carefully evaluate the needs of persons with disabilities and those with limited English proficiency. In assessing its language needs for translation of notices and other vital documents for non-English speaking residents, the grantee should consult the *Final Guidance to Federal Financial Assistance Recipients Regarding Title VI, Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons*, published on January 22, 2007, in the *Federal Register* (72 FR 2732) and at: https://www.lep.gov/guidance/HUD_guidance_Jan07.pdf.

V.A.3.b. *Consideration of public comments.* The grantee must consider all comments, received orally or in writing, on the action plan or any substantial amendment. A summary of these comments or views, and the grantee's response to each must be submitted to HUD with the action plan or substantial amendment.

V.A.3.c. *Availability and accessibility of the action plan and the use of citizen advisory groups.* The grantee must make the action plan, any substantial amendments, and all performance reports available to the public on its website and on request. In addition, the grantee must make these documents available in a form accessible to persons with disabilities and those with limited English proficiency. During the term of the grant, the grantee will provide citizens, affected local governments, and other interested parties with reasonable and timely access to information and records relating to the action plan and to the grantee's use of grant funds.

Following approval of the action plan, each grantee shall form one or more citizen advisory committees that shall meet in an open forum not less than twice annually in order to provide increased transparency in the implementation of CDBG-MIT funds, to solicit and respond to public comment and input regarding the grantee's mitigation activities and to serve as an on-going public forum to continuously inform the grantee's CDBG-MIT projects and programs. The grantee may also choose to form one or more of these committees as part of its process for preparing the initial CDBG-MIT action plan submission to HUD.

V.A.3.d. *Public website.* HUD is requiring grantees to maintain a public website which provides information accounting for how all CDBG-MIT funds are used, managed and administered, including links to all action plans, action plan amendments, performance reports, CDBG-MIT citizen participation requirements, and activity/program information for activities described in the action plan, including details of all contracts and ongoing procurement policies. To meet this requirement, each grantee must make the following items available on its website: The action plan (including all amendments); each QPR (as created using the DRGR system); procurement policies and procedures; all executed contracts that will be paid with CDBG-MIT funds; and the status of services or goods currently being procured (e.g., phase of the procurement, requirements for proposals, etc.).

V.A.3.e. *Application status and transparency.* For applications received for CDBG-MIT assistance, the grantee must provide multiple methods of communication, such as websites, toll-free numbers, or other means that provide applicants with timely information to determine the status of their application for assistance, as provided for section V.A.1.b.(1) of this notice.

When a grantee seeks to competitively award CDBG-MIT funds, the grantee must publish on its CDBG-MIT website the eligibility requirements for such funding, all criteria to be used by the grantee in its selection of applications for funding (including the relative importance of each criterion) and the time frame for consideration of applications. The grantee shall maintain documentation to demonstrate that each funded and unfunded application was reviewed and acted upon by the grantee in accordance with the published eligibility requirements and funding criteria.

V.A.3.f. *Citizen complaints.* The grantee will provide a timely written response to every citizen complaint. The response must be provided within 15 working days of the receipt of the complaint. Complaints regarding fraud, waste, or abuse of government funds should be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hud.oig.gov).

V.A.4. *HUD performance review authorities and grantee reporting requirements in the Disaster Recovery Grant Reporting (DRGR) System.*

V.A.4.a. *Performance review authorities.* 42 U.S.C. 5304(e) requires that the Secretary shall, at least on an annual basis, make such reviews and

audits as may be necessary or appropriate to determine whether the grantee has carried out its activities in a timely manner, whether the grantee's activities and certifications are carried out in accordance with the requirements and the primary objectives of the HCDA and other applicable laws, and whether the grantee has the continuing capacity to carry out those activities in a timely manner.

This notice waives the requirements for submission of a performance report pursuant to 42 U.S.C. 12708(a), 24 CFR 91.520, and 24 CFR 1003.506.

Alternatively, HUD is requiring that grantees enter information in the DRGR system in sufficient detail to permit the Department's review of grantee performance on a quarterly basis through the QPR and to enable remote review of grantee data to allow HUD to assess compliance and risk. HUD-issued general and appropriation-specific guidance for DRGR reporting requirements can be found on the HUD exchange at: <https://www.hudexchange.info/programs/drgr/>.

V.A.4.b. *DRGR action plan.* Each grantee must enter its action plan for mitigation, including performance measures, into HUD's DRGR system. As more detailed information about uses of funds is identified by the grantee, it must be entered into the DRGR system at a level of detail that is sufficient to serve as the basis for acceptable performance reports and permits HUD review of compliance requirements. HUD will provide clarifying guidance as to the content and format of the DRGR action plan, which will help reflect the unique qualities and requirements of CDBG-MIT activities and ensure clear communication to the public.

The action plan must also be entered into the DRGR system so that the grantee is able to draw its CDBG-MIT funds. The grantee may enter activities into the DRGR system before or after submission of the written action plan to HUD but will not be able to budget grant funds to these activities until after the grant agreement has been executed. To enter an activity into the DRGR system, the grantee must know the activity type, national objective, and the organization that will be responsible for the activity. In addition, a Data Universal Numbering System (DUNS) number must be entered into the system for each Responsible Organization identified in DRGR as carrying out a CDBG-MIT funded activity.

A grantee will gain access to its line of credit upon review and approval of the initial DRGR action plan. Each activity entered into the DRGR system must also be categorized under a

"project." Typically, projects are based on groups of activities that accomplish a similar, broad purpose (e.g., housing, infrastructure, or economic development) or are based on an area of service (e.g., Community A). If a grantee describes just one program within a broader category (e.g., single family rehabilitation), that program is entered as a project in the DRGR system. Further, the budget of the program would be identified as the project's budget. If a grantee has only identified the Method of Distribution (MOD) upon HUD's approval of the published action plan, the MOD categories typically serve as the projects in the DRGR system, rather than activity groupings. Activities are added to MOD projects as specific CDBG-MIT programs and projects are identified for funding.

V.A.4.c. Tracking oversight activities in the DRGR system; use of DRGR data for HUD review and dissemination. Each grantee must also enter into the DRGR system summary information on monitoring visits and reports, audits, and technical assistance it conducts as part of its oversight of its mitigation programs. The grantee's QPR will include a summary indicating the number of grantee oversight visits and reports (see subparagraph e. for more information on the QPR). HUD will use data entered into the DRGR action plan and the QPR, transactional data from the DRGR system, and other information provided by the grantee, to provide reports to Congress and the public, as well as to: (1) Monitor for anomalies or performance problems that suggest fraud, abuse of funds, and duplication of benefits; (2) reconcile budgets, obligations, funding draws, and expenditures; (3) calculate expenditures to determine compliance with administrative and public service caps and the overall percentage of funds that benefit low- and moderate-income persons; and (4) analyze the risk of grantee programs to determine priorities for the Department's monitoring. Grantees must establish internal controls to ensure that no personally identifiable information shall be reported in DRGR.

V.A.4.d. Tracking program income in the DRGR system. Grantees must use the DRGR system to draw grant funds. Grantees must also use the DRGR system to track program income receipts, disbursements, revolving loan funds, and leveraged funds (if applicable). If a State provides CDBG-MIT funds to a local government and permits local governments to retain program income, or a State permits subrecipients to retain program income prior to grant closeout, the grantee must

establish program income accounts in the DRGR system. The DRGR system requires grantees to use program income before drawing additional grant funds and ensures that program income retained by one organization will not affect grant draw requests for other organizations.

V.A.4.e. DRGR system Quarterly Performance Report (QPR). Each grantee must submit a QPR through the DRGR system no later than 30 days following the end of each calendar quarter. Within 3 days of submission to HUD, each QPR must be posted on the grantee's official website. In the event the QPR is rejected by HUD, the grantee must post the revised version, as approved by HUD, within 3 days of HUD approval. The grantee's first QPR is due after the first full quarter after HUD signs the grant agreement. For example, a grant agreement signed in April requires a QPR to be submitted by October 30. QPRs must be submitted on a quarterly basis until all funds have been expended and all expenditures and accomplishments have been reported. If a satisfactory report is not submitted in a timely manner, HUD may suspend access to CDBG-MIT funds until a satisfactory report is submitted, or may withdraw and reallocate funding if HUD determines, after notice and opportunity for a hearing, that the jurisdiction did not submit a satisfactory report.

Each QPR will include information about the uses of funds in activities identified in the DRGR action plan during the applicable quarter. This includes, but is not limited to, the project name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non-CDBG-MIT funds to be expended on each activity; beginning and actual completion dates of completed activities; achieved performance outcomes, such as number of housing units completed or number of low- and moderate-income persons served; and the race and ethnicity of persons assisted under direct-benefit activities. For all housing and economic development activities, the address of each CDBG-MIT assisted property must be recorded in the QPR. Grantees must not include such addresses in its public QPR; when entering addresses in the QPR, grantees must select "Not Visible on PDF" to exclude them from the report required to be posted on its website. The DRGR system will automatically display the amount of program income received, the amount of program income reported as disbursed, and the amount of grant funds disbursed in the QPR. Each

grantee must include a description of actions taken in that quarter to affirmatively further fair housing, within the section titled "Overall Progress Narrative" in the DRGR system.

V.A.5. Direct grant administration and means of carrying out eligible activities-applicable to State grantees only. Requirements at 42 U.S.C. 5306(d) are waived to the extent necessary to allow a State to use its CDBG-MIT grant allocation directly to carry out State-administered CDBG-MIT eligible activities, rather than distribute all funds to local governments. Pursuant to this waiver, the standard at 24 CFR 570.480(c) and the provisions at 42 U.S.C. 5304(e)(2) will also include activities that the State carries out directly. Eligible CDBG-MIT activities may be carried out by the State, subject to State law and consistent with the requirement of 24 CFR 570.200(f), through its employees, through procurement contracts, or through assistance provided under agreements with subrecipients. State grantees continue to be responsible for civil rights, labor standards, and environmental protection requirements, for compliance with 24 CFR 570.489 (g) and (h) relating to conflicts of interest and for compliance with 24 CFR 570.489(m) relating to monitoring and management of subrecipients.

A State grantee may also carry out activities in tribal areas. The State shall coordinate with the Indian tribe with jurisdiction over the tribal area when providing CDBG-MIT assistance to beneficiaries in tribal areas. A State grantee carrying out projects in tribal areas, either directly or through its employees, through procurement contracts, or through assistance provided under agreements with subrecipients, must obtain the consent of the Indian tribe with jurisdiction over the tribal area to allow the State to carry out or to fund CDBG-MIT projects in the area. Indian tribes that receive CDBG-MIT funding from a State grantee must comply with applicable nondiscrimination requirements (see 24 CFR 1003.601).

For activities carried out by entities eligible under section 105(a)(15) of the HCDA, such entities will be subject to the description of a nonprofit under that section rather than the description located in 24 CFR 570.204, even in a case in which the entity is receiving assistance through a local government that is an entitlement grantee.

V.A.5.a. Use of administrative funds across multiple grants. The Additional Supplemental Appropriations for Disaster Relief Act, 2019 (Pub. L. 116-20) approved June 6, 2019, authorizes

special treatment of grant administrative funds for grantees that received awards under certain CDBG-DR grants (this includes CDBG-MIT grants).

Accordingly, grantees that received funds under Public Laws 114-113, 114-223, 114-254, 115-31, 115-56, 115-123, and 115-254, or any future act may use eligible administrative funds (up to 5 percent of each grant award plus up to 5 percent of program income generated by the grant) appropriated by these acts without regard to the particular disaster appropriation from which such funds originated. If the grantee chooses to exercise this authority, the grantee must ensure that it has appropriate financial controls to ensure that the amount of grant administration expenditures for each of the aforementioned grants will not exceed 5 percent of the total grant award for each grant (plus 5 percent of program income), review and modify its financial management policies and procedures regarding the tracking and accounting of administration costs, as necessary, and address the adoption of this treatment of administrative costs in the applicable portions of its Financial Management and Grant Compliance submissions as referenced in V.A.1.a.(1).b. Grantees are reminded that all costs incurred for administration must still qualify as an eligible administration expense. HUD will issue additional guidance on this provision that grantees will be required to follow to ensure compliance and maintain proper financial controls.

V.A.5.b. *Use of funds in response to Hurricane Matthew and Hurricane Florence (State of North Carolina and South Carolina only).* Public Law 116-20 provides that grantees that received an allocation for mitigation funding provided by Public Law 115-123 in response to Hurricane Matthew may use the CDBG-MIT funds for the same activities, consistent with the requirements of the CDBG-MIT grant, in the most impacted and distressed areas related to Hurricane Florence. Expenditures in the HUD-identified MID areas for Hurricane Florence count toward the 50 percent expenditure requirement for HUD-identified MID areas outlined in section II.C. of this notice.

V.A.6. *Consolidated plan waiver.* HUD is temporarily waiving the requirement for consistency with the consolidated plan (requirements at 42 U.S.C. 5306(d), 24 CFR 91.325(a)(5) and 91.225(a)(5)), because the effects of a major disaster alter a grantee's priorities for meeting housing, employment, and infrastructure needs. In conjunction, 42 U.S.C. 5304(e), to the extent that it would require HUD to annually review

grantee performance under the consistency criteria, is also waived. However, this waiver applies only until the grantee submits its next full (3-5 year) consolidated plan, or for 24 months after the applicability date of this notice, whichever is sooner. If the grantee has not already updated its Analysis of Impediments to Fair Housing Choice or accepted Assessment of Fair Housing (AFH) in coordination with its post-waiver consolidated plan update, HUD strongly encourages the grantee to do so to more accurately reflect housing conditions following the qualifying disaster(s) that served as the basis for the CDBG-MIT allocation.

V.A.7. *Requirement for consultation during plan preparation.* Currently, the HCDA and HUD regulations require a State grantee to consult with affected local governments in nonentitlement areas of the State in determining the State's proposed method of distribution. HUD is waiving 42 U.S.C. 5306(d)(2)(C)(iv), 42 U.S.C. 5306(d)(2)(D), 24 CFR 91.325(b)(2), and 24 CFR 91.110, and instituting the alternative requirement that States receiving a CDBG-MIT allocation consult with all disaster-affected local governments (including any CDBG Entitlement grantees), Indian tribes, and local public housing authorities in determining the use of funds. This ensures that State grantees sufficiently assess the impacts of all areas affected by the disaster. Additional guidance on consultation with local stakeholders can be found in the National Disaster Recovery Framework and its discussion of pre- and post-disaster planning at <https://www.fema.gov/national-disaster-recovery-framework>.

Grantees must consult with States, Indian tribes, local governments, Federal partners, nongovernmental organizations, the private sector, and other stakeholders and affected parties in the surrounding geographic area to ensure consistency of the action plan with applicable regional redevelopment plans. As provided in sections V.A.1.b.(c) and V.A.2.a.(5), agencies that administer CDBG-MIT funds are required to consult with any separate agency of the jurisdiction that is responsible for development of the FEMA HMP for the grantee's jurisdiction, including coordinating with the State Hazard Mitigation Officer (SHMO).

Grantees are advised to maintain documentation of all consultations required by this paragraph to demonstrate compliance with this requirement.

V.A.8. *Grant administration responsibilities and general administration cap.*

V.A.8.a. *Grantee responsibilities.* Each grantee shall administer its award in compliance with all applicable laws and regulations and shall be financially accountable for the use of all funds provided for CDBG-MIT funds.

V.A.8.b. *General administration cap.* For all CDBG-MIT grantees, the CDBG program administration requirements must be modified to be consistent with the Appropriations Act. Accordingly, 5 percent of the grant and 5 percent of program income generated by the grant may be used for administrative costs by the grantee, units of general local government, or by subrecipients. Thus, the total of all costs classified as administrative for any CDBG-MIT grantee must be less than or equal to the 5 percent cap.

(1) *Combined technical assistance and administrative expenditures cap for States only.* The provisions of 42 U.S.C. 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap administration and technical assistance expenditures, limit a State's ability to charge a nominal application fee for grant applications for activities the State carries out directly, and require a dollar-for-dollar match of State funds for administrative costs exceeding \$100,000. 42 U.S.C. 5306(d)(5) and (6) are waived and replaced with the alternative requirement that the aggregate total for administrative and technical assistance expenditures must not exceed 5 percent of the grant amount plus 5 percent of program income generated by the grant. Under this alternative requirement, a State is limited to spending a maximum of 15 percent of its total grant amount or \$750 million, whichever is less, on planning costs. Planning costs subject to this cap are those defined in 42 U.S.C. 5305(a)(12).

V.A.9. *Operation and maintenance waiver for CDBG-MIT program income.* The provision of 24 CFR 570.207(h)(2) generally prohibits the use of CDBG funds for the repair, operation or maintenance of public facilities, improvements or services. With this first-time allocation of mitigation-only funds to CDBG-DR grantees, HUD seeks to help local government CDBG-MIT grantees to fulfill their commitment to fund the operation and maintenance of innovative projects financed with CDBG-MIT funds and to encourage new operating partnerships. HUD has determined that good cause exists for a waiver that will allow the limited use of CDBG-MIT program income to be used by CDBG-MIT grantees who are units of

local government, for the operation and maintenance of CDBG-MIT projects. Accordingly, HUD is waiving 24 CFR 570.207(b)(2) to the extent necessary to allow CDBG-MIT local government grantees to use program income generated by CDBG-MIT funds for the repair, operation, and maintenance of publicly owned projects financed with CDBG-MIT funds, as provided in section V.A.19.d. of this notice. This waiver shall apply only to program income generated by CDBG-MIT funds, and shall not apply to the initial disbursement of CDBG-MIT funds or to any CDBG-DR or CDBG funded activities or resulting CDBG-DR or CDBG program income.

V.A.10. *Planning-only activities applicable to State grantees only.* The Department notes that effective mitigation relies on some form of area-wide or comprehensive planning activity independent of the ultimate source of implementation funds. To assist State grantees, the Department is waiving the requirements at 24 CFR 570.483(b)(5) or (c)(3), which limit the circumstances under which the planning activity can meet a low- and moderate-income national objective. Instead, States must comply with 24 CFR 570.208(d)(4) when funding mitigation, planning-only grants, or directly administering planning activities that guide mitigation in accordance with the Appropriations Act. In addition, the types of planning activities that States may fund or undertake are expanded to be consistent with those of entitlement communities identified at 24 CFR 570.205, which may include support for local and regional functional land-use plans, master plans, historic preservation plans, comprehensive plans, community recovery plans, resilience plans, development of building codes, zoning ordinances, and neighborhood plans. Such planning activities are strongly encouraged to be undertaken in partnership with local governments and regional planning entities, as these policies have critical impacts on long-term mitigation goals and objectives. Grantees are encouraged to fund planning activities that align and integrate with FEMA's pre-disaster mitigation grant program (PDM or BRIC) and to upgrade mapping, data, and other capabilities to better understand evolving disaster risks. Grantees may use CDBG-MIT funds to enhance and update real property registration and land information systems at the state and local level. Grantees are expected to have land information systems which are sufficient to track requirements on

the use of CDBG-MIT funds that run with the land.

State grantees are also encouraged to use CDBG-MIT planning funds to establish programs and policies that would allow them to perform at an enhanced level as defined by FEMA requirements, as well as to meet the documentation requirements for a FEMA Enhanced Hazard Mitigation Plan. Grantees may also partner with agency staff responsible for community floodplain management activities to participate in the National Flood Insurance Program's (NFIP) Community Rating System (CRS), which is a voluntary incentive program that recognizes floodplain management activities that exceed minimum NFIP requirements. Exceeding these requirements can result in discounted flood insurance premium rates which reflect a community's reduced flood risk. Plans shall include the required Mitigation Needs Assessment of disaster risks, including anticipated effects of future extreme weather events and other hazards, as described in section V.A.2.a.(1) of this notice. Additional resources to assist in this process are available on the HUD exchange website: <https://www.hudexchange.info/programs/CDBG-MIT/resources/#natural-hazard-risk-and-resilience-tools>.

V.A.11. *Overall benefit requirement.* The primary objective of the HCDA is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income" (42 U.S.C. 5301(c)). This target is likely to be difficult to reach when grantees are pursuing community-wide or regional mitigation measures to protect entire regions or communities regardless of income. Therefore, this notice waives the requirements at 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484, and 570.200(a)(3), that 70 percent of funds be used for activities that benefit low- and moderate-income persons. Instead, 50 percent of CDBG-MIT funds must benefit low- and moderate-income persons. However, as provided in section V.A.2.a.(4), all grantees must prioritize the protection of LMI individuals, and describe in the action plan how their proposed programs and projects will reflect that priority.

V.A.12. *Use of the "upper quartile" or "exception criteria" for low- and moderate-income area benefit activities.* Section 101(c) of the HCDA requires each funded activity to meet a national objective of the CDBG program,

including the national objective of benefiting low- and moderate-income persons. Grantees may meet this national objective on an area basis, through an activity which is available to benefit all the residents of an area where at least 51 percent of the residents are low- and moderate income. In some cases, HUD permits an exception to the low- and moderate-income area benefit requirement that an area contain at least 51 percent low- and moderate-income residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction that have 51 percent or more low- and moderate-income residents. These communities are allowed to use a percentage less than 51 percent to qualify activities under the low- and moderate-income area benefit category. This exception is referred to as the "exception criteria" or the "upper quartile." A grantee qualifies for this exception when fewer than one quarter of the populated-block groups in its jurisdiction contain 51 percent or more low- and moderate-income persons. In such a community, activities must serve an area that contains a percentage of low- and moderate-income residents that is within the upper quartile of all census-block groups within its jurisdiction in terms of the degree of concentration of low- and moderate-income residents. HUD assesses each grantee's census-block groups to determine whether a grantee qualifies to use this exception and identifies the alternative percentage the grantee may use instead of 51 percent for the purpose of qualifying activities under the low- and moderate-income area benefit. HUD determines the lowest proportion a grantee may use to qualify an area for this purpose and advises the grantee, accordingly. CDBG-MIT grantees are required to use the most recent data available in implementing the exception criteria at <https://www.hudexchange.info/programs/acs-low-mod-summary-data/acs-low-mod-summary-data-exception-grantees>. The "exception criteria" apply to mitigation activities funded pursuant to this notice in jurisdictions covered by such criteria, including jurisdictions that receive mitigation funds from a State.V.A.13. *National objective waivers and alternative requirements applicable to CDBG-MIT funds.* The following waivers and alternative requirements modify national objective criteria to ensure that the use of CDBG-MIT funds is consistent with mitigation purposes required by the Appropriations Act.

V.A.13.a. *Additional criteria applicable to all mitigation activities*

funded with CDBG-MIT funds. The provisions of 24 CFR 570.483(e) and 570.208(d) are modified by an alternative requirement to add the following additional criteria for all mitigation activities funded with CDBG-MIT funds. To meet a national objective, all CDBG-MIT activities must:

(i) Demonstrate the ability to operate for the useful life of the project. Each grantee must plan for the long-term operation and maintenance of infrastructure and public facility projects funded with CDBG-MIT funds. The grantee must have a plan to fund the long-term operation and maintenance for CDBG-MIT projects. Funding options might include State or local resources, borrowing authority, or retargeting of existing financial resources.

(ii) Be consistent with other mitigation activities. The CDBG-MIT activity must be consistent with the other mitigation activities that the grantee will carry out with CDBG-MIT funds in the MID area. To be consistent, the CDBG-MIT activity must not increase the risk of loss of life or property in a way that undermines the benefits from other uses of CDBG-MIT funds in the MID.

V.A.13.b. *Additional criteria applicable to Covered Projects funded with CDBG-MIT funds.* The provisions of 24 CFR 570.483(e) and 570.208(d) are modified by an alternative requirement to add the following additional criteria for Covered Projects funded with CDBG-MIT funds. To meet a national objective, all Covered Projects must:

(i) Demonstrate long-term efficacy and fiscal sustainability. The grantee must demonstrate the long-term efficacy and sustainability of the Covered Project by documenting measurable outcomes or reduction in risk as discussed in section V.A.2.i. of this notice, and documenting how the Covered Project will reflect changing environmental conditions (such as sea level rise or development patterns) with risk management tools, and alter funding sources if necessary. The grantee also must establish a plan for the long-term operation and maintenance of the Covered Project and include a description of this plan in its action plan, as required by V.A.2.a.(10) and the additional criteria applicable to all CDBG-MIT activities.

(ii) Demonstrably benefit the MID area. The benefits of the Covered Project must outweigh the costs of the Covered Project. Benefits outweigh costs if the BCA results in a benefit-to-cost ratio greater than 1.0. Alternatively, for a Covered Project that serves low- and moderate-income persons or other persons that are less able to mitigate

risks or respond to and recover from disasters, benefits outweigh costs if the grantee supplements its BCA with a qualitative description of benefits that cannot be quantified but sufficiently demonstrate unique and concrete benefits of the Covered Project for low- and moderate-income persons or other persons that are less able to mitigate risks, or respond to and recover from disasters. This qualitative description may include a description of how the Covered Project will provide benefits such as enhancing a community's economic development potential, improving public health and or expanding recreational opportunities. BCAs must be completed consistent with the requirements of paragraph V.A.2.h.(2)(c)(ii).

V.A.13.c. *Additional urgent need national objective criteria for CDBG-MIT Activities.* In the context of disaster recovery and the allocation of CDBG-DR funds, the Department has historically provided waivers and established an alternative requirement to the urgent need national objective of the CDBG program as one means of helping communities to recover quickly. Specifically, the Department has waived the certification requirements for the documentation of urgent need, located at 24 CFR 570.208(c) and 24 CFR 570.483(d), recognizing that in the context of disaster recovery those requirements have proven burdensome and redundant.

The Appropriations Act directs the Department to allocate CDBG-MIT funds to grantees that received CDBG-DR funds to assist in recovery from major federally declared disasters occurring in 2015, 2016 and 2017. To reflect the direction of the Appropriations Act to allocate funds to grantees recovering from recent disasters and to address the demonstrable need for significant mitigation improvements by those grantees, the Department is waiving the criteria for the urgent national objective as provided at 24 CFR 570.208(c) and 24 CFR 570.483(d) and is establishing an alternative requirement to include new urgent need national objective criteria for CDBG-MIT activities.

To meet the alternative criteria for the urgent need mitigation (UNM) national objective, each grantee must document that the activity: (i) Addresses the current and future risks as identified in the grantee's Mitigation Needs Assessment of most impacted and distressed areas; and (ii) will result in a measurable and verifiable reduction in the risk of loss of life and property.

To meet the UNM national objective criteria, grantees must reference in their

action plan the risk identified in the Mitigation Needs Assessment that is addressed by the activity. Grantees must maintain documentation of the measurable and verifiable reduction in risk that will be achieved upon completion of the activity. Action plans must be amended, as necessary, to ensure that this information is included for each activity undertaken with CDBG-MIT funds.

V.A.13.d. *Additional LMI national objective criteria for CDBG-MIT activities.* In addition to other applicable criteria, CDBG-MIT activities can also meet an LMI national objective if they meet the criteria established in an alternative requirement in section V.B.5. of this notice applicable to buyout activities (LMB) and housing incentives (LMHI).

V.A.13.e. The UNM national objective and additional criteria for mitigation activities and Covered Projects shall be applicable only to funds allocated by this notice. Similarly, the alternative urgent need national objective criteria in the Prior Notices does not apply to CDBG-MIT funds.

V.A.13.f. Unless a grantee has received prior approval from HUD, CDBG-MIT activities cannot meet the CDBG national objective for the elimination of slum and blight as provided at 24 CFR 570.208(h) and 24 CFR 570.483(c). Grantees shall not rely on the national objective criteria for elimination of slum and blighting conditions without approval from HUD because this national objective generally is not appropriate in the context of mitigation activities.

V.A.14. *Waiver and alternative requirement for distribution to CDBG metropolitan cities and urban counties-applicable to State grantees only.* 42 U.S.C. 5302(a)(7) (definition of "nonentitlement area") and provisions of 24 CFR part 570, including 24 CFR 570.480, are waived to permit a State to distribute CDBG-MIT funds to units of local government and Indian tribes.

V.A.15. *Use of subrecipients—applicable to State grantees only.* The State CDBG program rule does not make specific provision for the treatment of entities that the CDBG Entitlement program calls "subrecipients." The waiver allowing the State to directly carry out activities creates a situation in which the State may use subrecipients to carry out activities in a manner similar to an entitlement community. Therefore, for States taking advantage of the waiver to carry out activities directly, the requirements at 24 CFR 570.502, 570.503, and 570.500(c) apply.

V.A.16. *Recordkeeping.* When a State carries out activities directly, 24 CFR

570.490(b) is waived, and the following alternative provision shall apply: The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State's administration of CDBG-MIT funds, under 24 CFR 570.493. Consistent with applicable statutes, regulations, waivers and alternative requirements, and other Federal requirements, the content of records maintained by the State shall be sufficient to: (1) Enable HUD to make the applicable determinations described at 24 CFR 570.493; (2) make compliance determinations for activities carried out directly by the State; and (3) show how activities funded are consistent with the descriptions of activities proposed for funding in the action plan and/or DRGR system. For fair housing and equal opportunity (FHEO) purposes, as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program. All grantees must report FHEO data in the DRGR system at the activity level.

V.A.17. Change of use of real property, applicable to State grantees only. This alternative requirement confirms the change of use of real property rule to the waiver allowing a State to carry out activities directly. For purposes of this program, all references to "unit of general local government" in 24 CFR 570.489(j), shall be read as "State, unit of general local government (UGLG) or State subrecipient."

V.A.18. Responsibility for review and handling of noncompliance-applicable to State grantees only. This change is in conformance with the waiver allowing the State to carry out activities directly. 24 CFR 570.492 is waived and the following alternative requirement applies for any State receiving a direct CDBG-MIT grant: The State shall make reviews and audits, including on-site reviews of any subrecipients, designated public agencies, and local governments, as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the HCDA, as amended, as modified by this notice. In the case of noncompliance with these requirements, the State shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence. The State shall establish remedies for noncompliance by any designated subrecipients, public agencies, or local governments.

Each CDBG-MIT grantee shall attend and require subrecipients to attend fraud related training provided by HUD OIG to assist in the proper management

of CDBG-MIT grant funds. Additional information about this training will be posted on the HUD website.

V.A.19. Program income alternative requirement. The Department is waiving applicable program income rules at 42 U.S.C. 5304(j) and 24 CFR 570.489(e), 570.500 and 570.504 only to the extent necessary to provide additional flexibility to State and local government as described below. The alternative requirements provide guidance regarding the use of program income received before and after grant close out and address revolving loan funds.

V.A.19.a. Definition of program income.

(1) For purposes of this notice, "program income" is defined as gross income generated from the use of CDBG-MIT funds received by a State, local government, or a subrecipient of a State or local government, except as provided in subparagraph (d) of this paragraph. When income is generated by an activity that is only partially assisted with CDBG-MIT funds, the income shall be prorated to reflect the percentage of CDBG-MIT funds used (e.g., a single loan supported by CDBG-MIT funds and other funds; a single parcel of land purchased with CDBG funds and other funds). Program income includes, but is not limited to, the following:

(a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-MIT funds.

(b) Proceeds from the disposition of equipment purchased with CDBG-MIT funds.

(c) Gross income from the use or rental of real or personal property acquired by a State, local government, or subrecipient thereof with CDBG-MIT funds, less costs incidental to generation of the income (i.e., net income).

(d) Net income from the use or rental of real property owned by a State, local government, or subrecipient thereof, that was constructed or improved with CDBG-MIT funds.

(e) Payments of principal and interest on loans made using CDBG-MIT funds.

(f) Proceeds from the sale of loans made with CDBG-MIT funds.

(g) Proceeds from the sale of obligations secured by loans made with CDBG-MIT funds.

(h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.

(i) Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the

special assessments are used to recover all or part of the CDBG-MIT portion of a public improvement.

(j) Gross income paid to a State, local government, or a subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-MIT assistance.

(2) "Program income" does not include the following:

(a) The total amount of funds that is less than \$35,000 received in a single year and retained by a State, local government, or a subrecipient thereof.

(b) Amounts generated by activities eligible under section 105(a)(15) of the HCDA and carried out by an entity under the authority of section 105(a)(15) of the HCDA.

V.A.19.b. Retention of program income. State grantees may permit a local government or Indian tribe that receives or will receive program income to retain the program income but are not required to do so.

V.A.19.c. Program income—use, close out, and transfer.

(1) Program income received (and retained, if applicable) before or after close out of the CDBG-MIT grant that generated the program income, and used to continue mitigation activities, is treated as additional CDBG-MIT funds subject to the requirements of this notice and must be used for mitigation activities in accordance with the grantee's action plan. To the maximum extent feasible, program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made, except as provided in sections V.A.19.d. and e.

(2) In addition to the regulations addressing program income found at 24 CFR 570.489(e) and 570.504, the following rules apply: A State grantee may transfer program income to its annual CDBG program before close out of the grant that generated the program income. In addition, a State grantee may transfer program income before close out to any annual CDBG-funded activities carried out by a local government within the State. Program income received by a grantee after close out of the grant that generated the program income, may also be transferred to a grantee's annual CDBG award. In all cases, any program income received that is not used to continue the mitigation activity will not be subject to the waivers and alternative requirements of this notice. Rather, those funds will be subject to the grantee's regular CDBG program rules.

V.A.19.d. Repair, operation and maintenance of certain CDBG-MIT projects.

Local government CDBG-MIT grantees may use program income to reimburse its agencies for the repair, operation and maintenance of publicly owned and operated projects funded with CDBG-MIT funds, provided that: (1) The agency that owns and operates the project has entered into a written agreement with the grantee that commits the agency to providing not less than fifty percent of funds necessary for the annual repair, operating and maintenance costs of the project; and (2) the grantee adopts policies and procedures to provide for the grantee's regular, on-site inspection of the project in order to ensure its proper repair, operation and maintenance. State grantees may request a waiver from the Department for the use of program income for this purpose.

V.A.19.e. Revolving loan funds. State grantees and local governments may establish revolving funds to carry out specific, identified mitigation activities. A revolving fund, for this purpose, is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific mitigation activities. These activities generate payments used to support other mitigation activities going forward. These payments to the revolving fund are program income and must be substantially disbursed from the revolving fund before additional CDBG-MIT grant funds are drawn from the U.S. Treasury for payments that could be funded from the revolving fund. Such program income is not required to be disbursed for nonrevolving fund activities.

State grantees may also establish a revolving fund to distribute funds to local governments to carry out specific, identified mitigation activities. The same requirements, outlined above, apply to this type of revolving loan fund.

A revolving fund established by a grantee or local government *shall not* be directly funded or capitalized with grant funds.

V.A.20. Limitation on reimbursement. The provisions of 24 CFR 570.489(b) are applied to permit a State grantee to charge to the grant eligible pre-award costs incurred by itself, its recipients or subrecipients (including public housing authorities (PHAs)) that are associated with CDBG-MIT funds and comply with grant requirements. A local government grantee is subject to the provisions of 24 CFR 570.200(h) but may reimburse itself or its subrecipients for eligible pre-award costs that are associated with CDBG-MIT funds and comply with grant requirements. Section 24 CFR 570.200(h)(1)(i) will not apply to the

extent that it requires pre-award activities to be included in a consolidated plan. Each grantee must include all pre-award activities in its action plan.

Under the Prior Notices, grantees were permitted to charge to grants the pre-award and preapplication costs of homeowners, businesses, and other qualifying entities for certain eligible recovery costs they incurred within one year of a qualified disaster. Because the one-year period has passed for all grantees receiving an allocation pursuant to this notice and because CDBG-MIT funds are provided in order to reduce risks from future disasters, CDBG-MIT funds *shall not* be used to reimburse homeowners, businesses or entities (other than grantees, local governments, and subrecipients described above) for mitigation activities completed prior to the applicability date of this notice.

V.A.21. Prohibition on forced mortgage payoff. In some instances, mortgage agreement terms require homeowners to repay the balance of the mortgage loan with assistance received to rehabilitate, reconstruct or elevate the home in order to make the home more resilient. CDBG-MIT funds, however, may not be used to repay a mortgage loan in whole or in part under this type of "forced mortgage payoff" provision. The ineligibility of a forced mortgage payoff with CDBG-MIT funds does not affect HUD's longstanding guidance that when other non-CDBG disaster assistance is taken by lenders for a forced mortgage payoff, those funds are not considered to be available to the homeowner and do not constitute a duplication of benefits.

V.A.22. One-for-one replacement housing, relocation, and real property acquisition Requirements. Activities and projects undertaken with CDBG-MIT funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCDA (42 U.S.C. 5304(d)) (Section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for section 104(d) are at 24 CFR part 42, subpart C. For the purpose of promoting the availability of decent, safe, and sanitary housing, HUD is waiving the following URA and section 104(d) requirements with respect to the use of CDBG-MIT funds:

V.A.22.a. Section 104(d) one-for-one replacement. One-for-one replacement requirements at section 104(d)(2)(A)(i) and (ii) and (d)(3) of the HCDA and 24 CFR 42.375 are waived in connection with CDBG-MIT funds for lower-

income dwelling units that are damaged by the disaster and not suitable for rehabilitation. The one-for-one replacement requirements generally apply to demolished or converted occupied and vacant occupiable lower-income dwelling units. This waiver exempts disaster-damaged units that meet the grantee's definition of "not suitable for rehabilitation" from the one-for-one replacement requirements. Before carrying out activities that may be subject to the one-for-one replacement requirements, the grantee must define "not suitable for rehabilitation" in its action plan or in policies and procedures governing these activities. A grantee with questions about one-for-one replacement requirements is encouraged to contact the HUD regional relocation specialist responsible for its jurisdiction.

HUD is waiving the section 104(d) one-for-one replacement requirement for lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation because it does not account for the large, sudden changes that a major disaster may cause to the local housing stock, population, or economy. Further, the requirement may discourage grantees from converting or demolishing disaster-damaged housing when excessive costs would result from replacing all such units. Disaster-damaged housing structures that are not suitable for rehabilitation can pose a threat to public health and safety and to economic development. Grantees must reassess post-disaster population and housing needs to determine the appropriate type and amount of lower-income dwelling units to rehabilitate and/or rebuild. Grantees should note that the demolition and/or disposition of PHA-owned public housing units is covered by section 18 of the United States Housing Act of 1937, as amended, and 24 CFR part 970.

V.A.22.b. Relocation assistance. The relocation assistance requirements at section 104(d)(2)(A) of the HCDA and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by this notice, for activities related to mitigation. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to section 104(d), while FEMA funds are not. The URA provides at 49 CFR 24.402(b) that a displaced person is eligible to receive

a rental assistance payment that is calculated to cover a period of 42 months. By contrast, section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the section 104(d) relocation assistance requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance for CDBG-MIT funds.

V.A.22.c. Tenant-based rental assistance. The requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(vii), 24.2(a)(6)(ix), and 24.402(b) are waived to the extent necessary to permit a grantee to meet all or a portion of a grantee's replacement housing payment obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy (e.g., Section 8 rental voucher or certificate), provided that comparable replacement dwellings are made available to the tenant in accordance with 49 CFR 24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months. Failure to grant this waiver would impede the grantee's actions whenever TBRA program subsidies are available but funds for cash replacement housing payments are limited and such payments are required by the URA to be based on a 42-month term.

V.A.22.d. Arm's length voluntary purchase. The requirements at 49 CFR 24.101(b)(2)(i) and (ii) are waived to the extent that they apply to an arm's length voluntary purchase carried out by a person who was allocated CDBG-MIT funds and does not have the power of eminent domain, in connection with the purchase and occupancy of a principal residence by that person. Given the often-large-scale acquisition needs of grantees, this waiver is necessary to reduce burdensome administrative requirements to implement mitigation activities. Grantees are reminded that tenants occupying real property acquired through voluntary purchase may be eligible for relocation assistance.

V.A.22.e. Optional relocation policies. The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established at the grantee level. Unlike the regular CDBG program, States may carry out mitigation activities directly or through subrecipients, but 24 CFR 570.606(d) does not account for this distinction. This waiver makes clear that grantees receiving CDBG-MIT

funds may establish optional relocation policies or permit their subrecipients to establish separate optional relocation policies. This waiver is intended to provide grantees with maximum flexibility in developing optional relocation policies with CDBG-MIT funds.

V.A.22.f. Waiver of Section 414 of the Stafford Act. Section 414 of the Stafford Act (42 U.S.C. 5181) provides that "Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646) [42 U.S.C. 4601 *et seq.*] ["URA"] shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by [the URA]." Accordingly, homeowner occupants and tenants displaced from their homes because of the identified disaster and who would have otherwise been displaced as a direct result of any acquisition, rehabilitation, or demolition of real property for a federally-funded program or project may become eligible for a replacement housing payment notwithstanding their inability to meet occupancy requirements prescribed in the URA. Section 414 of the Stafford Act (including its implementing regulation at 49 CFR 24.403(d)(1)), is waived to the extent that it would apply to real property acquisition, rehabilitation or demolition of real property for a CDBG-MIT funded project commencing more than one year after the Presidentially declared disaster undertaken by the grantees, or subrecipients, provided that the project was not planned, approved, or otherwise underway prior to the disaster. For purposes of this paragraph, a CDBG-MIT funded project shall be determined to have commenced on the earliest of: (1) The date of an approved Request for Release of Funds and certification, or (2) the date of completion of the site-specific review when a program utilizes Tiering, or (3) the date of sign-off by the approving official when a project converts to exempt under 24 CFR 58.34(a)(12). The Department has surveyed other federal agencies' interpretation and implementation of Section 414 and found varying views and strategies for long-term, post-disaster projects involving the acquisition, rehabilitation, or demolition of disaster-damaged housing. The Secretary has the authority to waive provisions of the Stafford Act and its implementing regulations that

the Secretary administers in connection with the obligation of funds made available by this notice, or the grantees' use of these funds. The Department has determined that good cause exists for a waiver and that such waiver is not inconsistent with the overall purposes of title I of the HCDA.

(1) The waiver will simplify the administration of mitigation programs and projects and reduce the administrative burden associated with the implementation of Stafford Act Section 414 requirements for projects commencing more than one year after the date of the Presidentially declared disaster.

(2) This waiver does not apply with respect to persons that meet the occupancy requirements to receive a replacement housing payment under the URA nor does it apply to persons displaced or relocated temporarily by other HUD-funded programs or projects. Such persons' eligibility for relocation assistance and payments under the URA is not impacted by this waiver.

V.A.23. Environmental requirements.

V.A.23.a. Clarifying note on the process for environmental release of funds when a State carries out activities directly. Usually, a State distributes CDBG funds to local governments and takes on HUD's role in receiving environmental certifications from the grant recipients and approving releases of funds. For this grant, HUD will allow a State grantee to also carry out activities directly, in addition to distributing funds to subrecipients. Thus, per 24 CFR 58.4, when a State carries out activities directly, the State must submit the Certification and Request for Release of Funds to HUD for approval.

V.A.23.b. Adoption of another agency's environmental review. In accordance with the Appropriations Act, grant recipients of Federal funds that use such funds to supplement Federal assistance provided under sections 402, 403, 404, 406, 407, 408(c)(4) or 502 of the Stafford Act may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval, or permit that is required by the HCDA. The grant recipient must notify HUD in writing of its decision to adopt another agency's environmental review. The grant recipient must retain a copy of the review in the grantee's environmental records.

V.A.23.c. Unified federal review. Section 1106 of the Sandy Recovery

Improvement Act (Div. B of Pub. L. 113–2, enacted January 29, 2013) directed the establishment of an “expedited and unified interagency review process to ensure compliance with environmental and historic requirements under Federal law relating to disaster recovery projects, in order to expedite the recovery process, consistent with applicable law.” The process aims to coordinate environmental and historic preservation reviews to expedite planning and decision-making for disaster recovery projects, including mitigation projects undertaken to avert the impact of future disasters. Grantees receiving an allocation of CDBG–MIT funds are encouraged to participate in this process as one means of expediting the implementation of mitigation projects that will assist in recovery from future disasters. Tools for the unified federal review process (UFR) process can be found here: <http://www.fema.gov/unified-federal-environmental-and-historic-preservation-review-presidentially-declared-disasters>.

V.A.23.d. Release of funds. In accordance with the Appropriations Act, and notwithstanding 42 U.S.C. 5304(g)(2), the Secretary may, upon receipt of a Request for Release of Funds and Certification, immediately approve the release of funds for an activity or project assisted with CDBG–MIT funds if the recipient has adopted an environmental review, approval, or permit under section V.A.23.b. above, or the activity or project is categorically excluded from review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*).

V.A.23.e. Historic preservation reviews. To facilitate expedited historic preservation reviews under section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. Section 306108), HUD strongly encourages grantees to allocate general administration funds to retain a qualified historic preservation professional and support the capacity of the State Historic Preservation Officer/Tribal Historic Preservation Officer to review CDBG–MIT projects. For more information on qualified historic preservation professional qualifications standards see https://www.nps.gov/history/local-law/arch_stnds_9.htm.

V.A.23.f. Tiered environmental reviews. HUD encourages grantees as Responsible Entities to develop a Tiered approach to streamline the environmental review process for whenever the action plan contains a program with multiple, similar activities that will result in similar impacts (e.g. single-family housing programs). Tiering, as defined in 40 CFR 1508.28,

is a means of making the environmental review process more efficient by allowing parties to “eliminate repetitive discussions of the same issues and to focus on the actual issues ripe for decision at each level of environmental review” (40 CFR 1502.20). In addition, “tiering is appropriate when there is a requirement to evaluate a policy of proposal in the early stages of development a policy or proposal in the early stages of development or when site-specific analysis or mitigation is not currently feasible and a more narrow or focused analysis is better done at a later date” (24 CFR 58.15). Tiering is appropriate when a Responsible Entity is evaluating a single-family housing program with similar activities within a defined local geographic area and timeframe (e.g., rehabilitating single-family homes within a city district or county over the course of 1 to 5 years) but where the specific sites and activities are not yet known.

A tiered review consists of two stages: A broad-level review and subsequent site-specific reviews. The broad-level review will identify and evaluate the issues that can be fully addressed and resolved, notwithstanding possible limited knowledge of the project. In addition, it must establish the standards, constraints, and processes to be followed in the site-specific reviews. An 8-Step Decision Making Process for Floodplains and Wetlands, including early and final public notices can be completed on a county-wide basis for single-family housing programs funded with CDBG–MIT funds. As individual sites are selected for review, the site-specific reviews evaluate the remaining issues based on the policies established in the broad-level review. Together, the broad-level review and all site-specific reviews will collectively comprise a complete environmental review addressing all required elements. Public notice and the Request for Release of Funds (HUD-Form 7015.15) are processed at the broad-level, unless there are unanticipated impacts or impacts not adequately addressed in the prior review, eliminating the need for publication at the site-specific level. However, funds cannot be spent or committed on a specific site or activity until the site-specific review have been completed for the site.

V.A.23.g. Discipline and accountability in the environmental review and permitting of infrastructure projects. Executive Order 13807, signed by the President on August 15, 2017, establishes a coordinated, predictable and transparent process for the review and permitting of infrastructure projects. E.O. 13807 requires Federal

agencies to process environmental reviews and authorization decisions for “major infrastructure projects” as One Federal Decision (OFD). As CDBG–MIT grantees assume authority to conduct environmental reviews, they should implement the following elements of the OFD policy set forth in E.O. 13807 for major infrastructure projects, and further clarified in M–19–20 Guidance on the Applicability of E.O. 13807 to Responsible Entities Assuming Department of Housing and Urban Development Environmental Review Responsibilities (<https://www.whitehouse.gov/wp-content/uploads/2019/06/M-19-20.pdf>). CDBG–MIT grantees should: (1) Seek to complete environmental reviews and authorization decisions for major infrastructure projects in not more than an average of two years, measured from the Notice of Intent (NOI) to prepare an Environmental Impact Statement (EIS) to the issuance of the Record of Decision (ROD); (2) Develop a Permitting Timetable that includes milestones for applicable environmental reviews and authorizations and is updated at least quarterly on the Permitting Dashboard (www.permits.performance.gov); (3) Coordinate with cooperating and participating Federal agencies, to develop a single EIS and coordinate a single ROD; (4) Seek to ensure that all necessary authorization decisions for the construction of the project are completed within 90 days of issuance of the ROD; and (5) Seek to ensure that there is an effective process in place to elevate instances in which a Permitting Timetable milestone is missed or extended, or is anticipated to be missed or extended, to higher officials (including senior responsible entity leadership) for timely resolution, and that it follow such process.

V.A.24. Duplication of benefits. Section 312 of the Stafford Act, as amended, generally 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 such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other source. To comply with Section 312 and the requirement that all costs are necessary and reasonable, each grantee must ensure that each activity provides assistance to a person or entity only to the extent that the person or entity has a mitigation need that has not been fully met.

Accordingly, grantees must comply with the requirements of the 2019 DOB Notice, Requirements on CDBG–DR funds and CDBG–DR grants in the 2019

DOB Notice shall apply equally to CDBG-MIT funds and CDBG-MIT grants. As described in the 2019 DOB Notice, all CDBG-MIT grants are subject to the requirement under the tenth proviso following the Community Development Fund heading of Public Law 115-123 (Declined Loans Provision) and the requirements for its implementation in the 2019 DOB Notice. The Declined Loan Provision states: "Provided further, That with respect to any such duplication of benefits, the Secretary and any grantee under this section shall not take into consideration or reduce the amount provided to any applicant for assistance from the grantee where such applicant applied for and was approved, but declined assistance related to such major disasters that occurred in 2014, 2015, 2016, and 2017 from the Small Business Administration under section 7(b) of the Small Business Act (15 U.S.C. 636(b))."

The 2019 DOB Notice also implements requirements resulting from recent amendments to section 312 of the Stafford Act that only apply to CDBG-MIT grantees receiving an allocation as a result of disasters occurring in 2016 and 2017. FEMA, the agency that administers the Stafford Act, has advised that pursuant to recent amendments to Section 312 of the Stafford Act in the DRRRA, for disasters occurring between 2016 and 2021, a loan is not a duplication of other forms of financial assistance, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency. The most common source of loans for physical and economic disaster recovery losses and related mitigation measures that have historically constituted a duplication of benefits are loans offered by the U.S. Small Business Administration (SBA). CDBG-MIT grantees receiving an allocation as a result of a 2015 disaster are not subject to the provisions of DRRRA.

V.A.25. Procurement. State grantees must comply with the procurement requirements at 24 CFR 570.489(g) and evaluate the cost or price of the product or service. State grantees shall establish requirements for procurement policies and procedures for local governments and subrecipients based on full and open competition consistent with the requirements of 24 CFR 570.489(g), and shall require an evaluation of the cost or price of the product or service (including professional services like legal services or case management). Additionally, if the State agency designated as the administering agency chooses to provide funding to another

State agency, the administering agency may specify in its procurement policies and procedures whether the agency implementing the program must follow the procurement policies and procedures that the administering agency is subject to, or whether the agency must follow the same policies and procedures to which other local governments and subrecipients are subject.

Local government grantees in direct receipt of CDBG-MIT funds must comply with the specific applicable procurement standards identified in 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable).

HUD may request periodic updates from any grantee that uses contractors. A contractor is a third-party person or organization from which the grantee acquires goods or services through a procurement process, consistent with the procurement requirements in the CDBG program regulations. HUD is establishing an additional alternative requirement for all contracts with contractors used to provide discrete services or deliverables only, as follows:

- The grantee (or procuring entity) is required to clearly state the period of performance or date of completion in all contracts;
- The grantee (or procuring entity) must incorporate performance requirements and liquidated damages or, for administrative and consultant contracts, penalties, into each procured contract. Contracts that describe work performed by general management consulting services need not adhere to this requirement; and
- The grantee (or procuring entity) may contract for administrative support but may not delegate or contract to any other party any inherently governmental responsibilities related to management of the grant, such as oversight, policy development, monitoring, internal auditing, and financial management.

Technical assistance resources for procurement are available to grantees either through HUD staff or through technical assistance providers engaged by HUD or a grantee.

V.A.26. Timely distribution of funds. The Appropriations Act, as amended, requires that funds provided under the Act be expended within two years of the date that HUD obligates funds to a grantee and authorizes the Office of Management and Budget (OMB) to provide a waiver of this requirement. OMB has provided HUD with a waiver of this two-year expenditure requirement. HUD is also waiving the provisions at 24 CFR 570.494 and 24 CFR 570.902 regarding timely distribution and expenditure of funds

and establishing an alternative requirement, providing that each grantee must expend fifty percent of its allocation of CDBG-MIT funds on eligible activities within six years of HUD's execution of the grant agreement and one hundred percent of its allocation within twelve years of HUD's execution of the grant agreement absent a waiver and alternative requirement as requested by the grantee and approved by HUD. A grantee request for a waiver of an expenditure deadline must document the grantee's progress in the implementation of the grant; outline the long-term nature and complexity of the mitigation programs and projects that have yet to be fully implemented; and propose an alternative deadline for the expenditure of the funds.

V.A.27. Review of continuing capacity to carry out CDBG-funded activities in a timely manner. If HUD determines that the grantee has not carried out its CDBG-MIT activities and certifications in accordance with the requirements for CDBG-MIT funds, HUD will undertake a further review to determine whether or not the grantee has the continuing capacity to carry out its activities in a timely manner. In making the determination, the Department will consider the nature and extent of the recipient's performance deficiencies, types of corrective actions the recipient has undertaken, and the success or likely success of such actions, and apply the corrective and remedial actions specified in section V.A.28. below.

V.A.28. Corrective and remedial actions. To ensure compliance with the requirements of the Appropriations Act and to effectively administer CDBG-MIT grants in a manner that facilitates resilience, particularly the alternative requirements permitting States to act directly to carry out eligible activities, HUD is waiving 42 U.S.C. 5304(e) to the extent necessary to establish the following alternative requirement: HUD may undertake corrective and remedial actions for States in accordance with the authorities applicable to entitlement grantees in subpart O (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570. In response to a deficiency, HUD may issue a warning letter followed by a corrective action plan that may include a management plan which assigns responsibility for further administration of the grant to specific entities or persons. Failure to comply with a corrective action may result in the termination, reduction or limitation of payments to a grantee receiving CDBG-MIT funds.

V.A.29. *Noncompliance and grant conditions.* Failure to implement a CDBG-MIT grant in accordance with a grantee's approved financial certification, the capacity and implementation plan, the action plan, as well as grant conditions established by the Department or other applicable requirements, shall constitute a performance deficiency. To correct that deficiency, the Department may exercise any of the corrective and remedial actions authorized in subpart O of the CDBG regulations (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570. Grantees are advised that such remedies may include suspension of administrative funds as well as a reduction of the grantee's CDBG-MIT grant, its CDBG-DR grants, or its annual CDBG grant.

The Department may also establish special grant conditions for individual CDBG-MIT grants to mitigate the risks posed by the grantee, including risks related to the grantee's capacity to carry out the specific programs and projects proposed in its action plan. These conditions will be designed to provide additional assurances that mitigation programs are implemented in a manner to prevent waste, fraud, and abuse and that mitigation projects are effectively operated and maintained.

V.A.30. *Reduction, withdrawal, or adjustment of a grant, or other appropriate action.*

Prior to a reduction, withdrawal, or adjustment of a CDBG-MIT grant, or other actions taken pursuant to this section, the recipient shall be notified of the proposed action and be given an opportunity for an informal consultation. Consistent with the procedures described for CDBG-MIT funds, the Department may adjust, reduce, or withdraw the CDBG-MIT grant or take other actions as appropriate, except for funds that have been expended for eligible, approved activities.

V.A.31. *Federal accessibility requirements.* Grantees are reminded that the use of CDBG-MIT funds must meet accessibility standards, including, but not limited to, the Fair Housing Act, Section 504 of the Rehabilitation Act, and Titles II and III of the Americans with Disabilities Act. Grantees should review the Fair Housing Act Accessibility Guidelines at https://www.hud.gov/program_offices/fair_housing_equal_opportunity/disabilities/fhefhag, the Uniform Federal Accessibility Standards (UFAS) at <https://www.hudexchange.info/resource/796/ufas-accessibility-checklist/>, and the

2010 ADA Standards. The HUD notice on "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities," 79 FR 29671 (May 23, 2014), explains when HUD recipients can use 2010 ADA Standards with exceptions, as an alternative to UFAS to comply with Section 504.

The following portion of the notice details the waivers and alternative requirements typically established in CDBG-DR Federal Register notices, modified as necessary to reflect the distinct purpose of CDBG-MIT funds. The Department continues to authorize these modified waivers and alternative requirements as this notice cannot anticipate every type of mitigation project that will be proposed by grantees. These activity-based waivers and alternative requirements are intended to provide grantees with continued flexibility in the design and implementation of comprehensive mitigation programs and projects. A program or project that meets these criteria is eligible for mitigation funding even when it also responds to a remaining unmet recovery need arising from a qualified disaster that served as the basis for its CDBG-MIT allocation.

V.B. *Housing and Related Floodplain Issues*

V.B.1. *Housing-related eligibility waivers.* The broadening of eligible activities under the HCDA is necessary in the context of mitigation activities, to address the current and future risks arising from the disaster that qualified grantees for CDBG-MIT funds. As described in section II of this notice, all housing activities implemented with CDBG-MIT funds must include mitigation measures that address the current and future disaster risks as identified in the grantee's Mitigation Needs Assessment.

Therefore, 42 U.S.C. 5305(a)(24)(A) and (D) is waived to the extent necessary to allow: (1) Homeownership assistance for households earning up to 120 percent of the area median income; and (2) down payment assistance for up to 100 percent of the down payment. While homeownership assistance may be provided to households earning up to 120 percent of the area median income, only those funds used for households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit national objective.

In addition, 42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3) is waived and alternative requirements adopted to the extent necessary to permit new housing construction that addresses disaster risks identified in the grantee's

Mitigation Needs Assessment and to require the following construction standards on structures constructed, reconstructed, or rehabilitated with CDBG-MIT funds as part of activities eligible under 42 U.S.C. 5305(a). All references to "substantial damage" and "substantial improvement" shall be as defined in 44 CFR 59.1 unless otherwise noted.

V.B.1.a. *Green building standard for replacement and new construction of residential housing.* Grantees are encouraged to meet the Green Building Standard in this subparagraph for: (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (i.e., demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls.

V.B.1.b. *Implementation of green building standard.* For purposes of this notice, the Green Building Standard means that the grantee will consider meeting one of the following industry recognized standards for all construction covered by section V.B.1.a. above through implementation of one or more of the following programs: (i) ENERGY STAR (Certified Homes and Multifamily High-Rise), (ii) Enterprise Green Communities, (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite) or (vi) any other equivalent comprehensive green building program acceptable to HUD. Grantees should identify, in each project file, which Green Building Standard will be used, if any, on any building covered by section V.B.1.a. above.

V.B.1.c. *Standards for rehabilitation of nonsubstantially damaged residential buildings.* For rehabilitation activities undertaken to address risks identified in the grantee's Mitigation Needs Assessment (other than that described in V.B.1.a. above) grantees are encouraged to consider guidelines specified in the HUD CPD Green Building Retrofit Checklist, available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. Grantees are encouraged to incorporate these guidelines on the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or

obsolete products are replaced as part of the rehabilitation work, it is encouraged that rehabilitation use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, it is encouraged that the replacements be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (e.g., faucets, toilets, showerheads) are recommended to be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

V.B.1.d. Elevation standards for new construction, repair of substantial damage, or substantial improvement. The following elevation standards apply to new construction, repair of substantial damage, or substantial improvement of structures to mitigate risks identified in a grantee's Mitigation Needs Assessment, when those structures are located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation. Alternatively, grantees may choose to adopt the design flood elevation standards of ASCE-24 if it results in an elevation higher than two feet above base flood elevation. Mixed-use structures with no dwelling units and no residents below two feet above base flood elevation must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above base flood elevation.

All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (0.2 percent annual chance) floodplain must be elevated or floodproofed (in accordance with the FEMA standards) to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated or floodproofed at least three feet above the 100-year floodplain elevation. Critical Actions are defined as

an "activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property." For example, Critical Actions include hospitals, nursing homes, police stations, fire stations and principal utility lines.

For elevation activities, grantees are reminded that the elevation of structures must comply with all applicable federal accessibility standards outlined in section V.A.31.

Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, must be followed.

V.B.1.e. Broadband infrastructure in housing. Any substantial rehabilitation, as defined by 24 CFR 5.100, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where the grantee documents that: (a) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (b) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or (c) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

V.B.2. Housing incentives in at-risk communities. Incentive payments are generally offered in addition to other programs or funding (such as insurance), to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan. For example, a grantee may offer an incentive payment (possibly in addition to a buyout payment) for households that volunteer to relocate outside of a floodplain or to a lower-risk area.

Therefore, 42 U.S.C. 5305(a) and associated regulations are waived to the extent necessary to allow the provision of housing incentives. Each grantee must maintain documentation, at least at a programmatic level, describing how the amount of assistance was determined to be necessary and reasonable, and the incentives must be in accordance with the grantee's approved action plan and published program design(s). This waiver does not permit a compensation program. Additionally, a grantee may require the housing incentive to be used for a particular purpose by the household receiving the assistance.

In undertaking a large-scale migration or relocation recovery effort that is intended to move households out of high-risk areas, the grantee must consider how it can protect and sustain the impacted community and its assets. Grantees must also weigh the benefits and costs, including anticipated insurance costs, of redeveloping high-risk areas that were impacted by a disaster. Accordingly, grantees are prohibited from offering incentives to return households to disaster-impacted floodplains.

When undertaking housing incentive activities, to demonstrate that an incentive meets the low- and moderate-income housing national objective and the LMI national objective, grantees must meet all requirements of the HCDA and the criteria for the Low/Mod Housing Incentive (LMI) national objectives for the use of housing incentives as described in section V.B.5. of this notice.

V.B.3. Limitation on emergency grant payments—interim mortgage assistance. 42 U.S.C. 5305(a)(8), 24 CFR 570.207(b)(4), and 24 CFR 1003.207(b)(4) are modified to the extent necessary to extend interim mortgage assistance to qualified individuals from 3 months to up to 20 months. Interim mortgage assistance is typically used in conjunction with a buyout program, or when the rehabilitation or reconstruction to enhance the resiliency of single-family housing extends beyond 3 months, during which mortgage payments may be due but the home is uninhabitable. Thus, this interim assistance will be critical for many households facing financial hardship during this period. Grantees may use interim housing mortgage assistance payments along with rehabilitation/reconstruction assistance to expedite mitigation assistance to homeowners but must establish performance milestones for the rehabilitation/reconstruction that are to be met by the homeowner to receive the interim mortgage assistance payments. A grantee using this alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable.

V.B.4. Acquisition of real property; flood and other buyouts. CDBG-MIT grantees may carry out property acquisition for a variety of purposes. However, the term "buyouts" for CDBG-MIT funds refers to acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding or the acquisition of properties in Disaster Risk

Reduction Areas as designated by the grantee and defined below. HUD is providing alternative requirements for consistency with the application of other Federal resources commonly used for this type of activity.

Grantees are encouraged to use buyouts strategically, as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management practices. To the maximum extent practicable, a grantee should avoid circumstances in which parcels that could not be acquired through a buyout remain alongside parcels that have been acquired through the grantee's buyout program. Grantees are reminded that real property acquisition with CDBG-MIT funding, including buyout, is subject to the URA, including the real property acquisitions requirements at 49 CFR part 24, subpart B, as modified at section V.A.22.b. of this notice.

V.B.4.a. Clarification of "buyout" and "real property acquisition" activities.

Grantees that choose to undertake a buyout program have the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster fair market value (FMV). In most cases, a program that provides pre-disaster FMV to buyout applicants provides compensation at an amount greater than the post-disaster FMV. When the purchase price exceeds the current FMV, any CDBG-MIT funds in excess of the FMV are considered assistance to the seller, thus making the seller a beneficiary of CDBG-MIT assistance. If the seller receives assistance as part of the purchase price, this may have implications for duplication of benefits calculations or for demonstrating national objective criteria, as discussed below. However, a program that provides post-disaster FMV to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by 42 U.S.C. 5305(a)(1)). However, only acquisitions that meet the definition of a "buyout" are subject to the post-acquisition land use restrictions imposed by this notice (section V.B.4.b. below). The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk of property damage in a floodplain or a Disaster Risk Reduction Area. To conduct a

buyout in a Disaster Risk Reduction Area, the grantee must establish criteria in its policies and procedures to designate the area subject to the buyout, pursuant to the following requirements: (1) The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-MIT allocation; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by best available data (e.g., FEMA Repetitive Loss Data) and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

Real property acquisitions, including buyouts, undertaken with CDBG-DR and CDBG-MIT funds (even if funds are used only for acquisition costs other than the purchase price) are generally subject to the requirements in URA regulations at 49 CFR part 24, subpart B, unless they satisfy an exception at 49 CFR 24.101(b)(1)–(5). For acquiring entities with eminent domain authority, the most relevant exception is commonly 49 CFR 24.101(b)(1), which requires that the acquisition satisfy a four-part test. HUD is clarifying how the four-part test applies to buyouts conducted with CDBG-DR and CDBG-MIT funds. With respect to the buyout of properties, an "intended, planned, or designated project area," as referenced at 49 CFR 24.101(b)(1)(ii), shall be an area for which a clearly defined end use has been determined at the time that the property is acquired, in which all or substantially all of the properties within the area must be acquired within an established time period as determined by the grantee or acquiring entity for the project to move forward. Where moving forward with a project does not depend upon acquiring specific sites within established timeframes for a clearly defined end use, there is not an "intended, planned or designated project area." To illustrate this point, a grantee or acquiring entity's buyout would satisfy the criteria in 49 CFR 24.101(b)(1)(ii) with respect to the acquisition of property in the following examples: (1) A broad buyout eligibility area is identified by the need to reduce risk, but no specific property must be acquired or (2) a clearly defined end use (i.e., more specific than the categories of open space, recreational, or floodplain and wetlands management practices—see V.B.4.b., below) has not been determined at the time of acquisition.

Grantees are reminded that the distinction between buyouts and other types of acquisitions is important, because grantees may only redevelop an

acquired property if the property is *not* acquired through a buyout program (i.e., the purpose of acquisition was something other than risk reduction). When properties are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster FMV may not be used).

V.B.4.b. Buyout requirements:

(1) Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.

(2) No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) A public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.

(3) After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the owner of the buyout property (including subsequent owners) to any Federal entity in perpetuity.

The entity acquiring the property may lease it to adjacent property owners or other parties, including nonprofit land conservation organizations, for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold.

In all cases, a deed restriction or covenant running with the property must require that the buyout property be dedicated and maintained for compatible uses in perpetuity.

(4) Grantees have the discretion to determine an appropriate valuation method (including the use of pre-flood value or post-flood value as a basis for property value). However, in using CDBG-MIT funds for buyouts, the grantee must uniformly apply the valuation method it chooses.

(5) All buyout activities must be classified using the "buyout" activity type in the DRGR system.

(6) Any State grantee implementing a buyout program or activity must consult with affected local governments.

(7) When undertaking buyout activities, to demonstrate that a buyout meets the low- and moderate-income housing national objective, grantees must meet all requirements of the HCDA, and applicable regulatory criteria described below. Grantees are encouraged to consult with HUD prior to undertaking a buyout program with the intent of using the low- and moderate-income housing (LMH) national objective. 42 U.S.C. 5305(c)(3) provides that any assisted activity that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons. In addition, the State CDBG regulations at 24 CFR 570.483(b)(3), entitlement CDBG regulations at 24 CFR 570.208(a)(3), and Indian CDBG regulations at 24 CFR 1003.208(c) apply the LMH national objective to an eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low- and moderate-income households. Therefore, a buyout program that merely pays homeowners to leave their existing homes does not result in a low- and moderate-income household occupying a residential structure and, thus, cannot meet the requirements of the LMH national objective. Buyout programs that assist low- and moderate-income persons can be structured in one of the following ways:

(a) The buyout program combines the acquisition of properties with another direct benefit—Low- and Moderate-Income housing activity, such as down payment assistance—that results in occupancy and otherwise meets the applicable LMH national objective criteria;

(b) The program meets the low- and moderate-income area (LMA) benefit criteria as defined for CDBG-MIT funds, to demonstrate national objective compliance, provided that the grantee can document that the properties acquired through buyouts will be used in a way that benefits all of the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons. When using the area benefit approach, a grantee must define the service area based on the end use of the buyout properties; or

(c) The program meets the criteria for the low- and moderate-income limited clientele national objective (LMC) and does not provide benefits that are available to all residents of the area. A buyout program could meet the national objective criteria for the limited clientele national objective if it restricts buyout program eligibility to exclusively low- and moderate-income persons, and the buyout provides an actual benefit to the low- and moderate-income sellers by providing pre-disaster valuation uniformly to those who participate in the program.

(d) The program meets the criteria for the Low/Mod Buyout (LMB) or Low/Mod Housing Incentive (LMHI) national objectives for buyouts and the use of housing incentives as authorized in the Department's August 7, 2017 **Federal Register** notice at 82 FR 36825 and described in section V.B.5. of this notice.

V.B.4.c. *Redevelopment of acquired properties.*

(1) A grantee may redevelop an acquired property as part of a mitigation activity if the property is not acquired through a buyout program and the purchase price is based on the property's post-disaster value, consistent with applicable cost principles (the pre-disaster value may not be used). In addition to the purchase price, grantees may opt to provide relocation assistance or housing incentives to the owner of a property that will be redeveloped if the property is purchased by a grantee or subrecipient through voluntary acquisition, and the owner's need for additional assistance is documented.

(2) In carrying out acquisition activities, grantees must ensure they are in compliance with their long-term redevelopment plans and hazard mitigation plans.

V.B.5. *Additional LMI national objective criteria for buyouts and housing incentives.* For CDBG-MIT funds, HUD is continuing its establishment of an alternative requirement to clarify the criteria under which buyout activities and housing incentives can meet an LMI national objective. Grantees authorized to use housing incentives for CDBG-MIT funds must follow guidelines outlined in section V.B.2. of this notice. The CDBG regulations limit activities that meet the LMI national objective to only the activities meeting the four established criteria in 24 CFR 570.208(a)(1) through (4) and 570.483(b)(1) through (4). Prior **Federal Register** notices have advised grantees of the criteria under which a buyout activity can meet an LMI housing (LMH) national objective (80 FR

72102). Notwithstanding that guidance, however, HUD has determined that providing CDBG-MIT grantees with an additional method to demonstrate how buyouts and housing incentives can assist LMI households, beyond those described in the previous notices, will ensure that grantees and HUD can account for and assess the benefit that CDBG-MIT assistance may have on LMI households when buyouts and housing incentives are used in long term recovery. Given the primary objective of the HCDA to assist low- and moderate-income persons, the Secretary has determined that there is good cause to establish an alternative requirement under which CDBG-MIT grantees are authorized to qualify the assistance provided to LMI persons through buyout and housing incentive programs. This alternative requirement recognizes that the benefits received by those individuals that accept buyout and housing incentive awards allow them to move from areas that are likely to be affected by future disasters.

In addition to the existing criteria at 24 CFR 570.208(a)(1)–(4) and 570.483(b)(1)–(4), HUD is establishing an alternative requirement to include the two new LMI national objective criteria for buyouts (LMB) and housing incentives (LMHI) that benefit LMI households that use CDBG-MIT funding provided pursuant to CDBG-MIT requirements.

For a buyout award or housing incentive to meet the new LMB and LMHI national objectives, grantees must demonstrate the following:

(1) The CDBG-MIT funds have been provided for an eligible activity that benefits LMI households supporting their move from high risk areas. The following activities shall qualify under this criterion, and must also meet the eligibility criteria of the notices governing the use of the CDBG-MIT funds:

(a) *Low/Mod buyout (LMB).* When CDBG-MIT funds are used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster (current) fair market value of that property.

(b) *Low/Mod housing incentive (LMHI).* When CDBG-MIT funds are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for which the housing incentive is for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is for the purpose of providing or

improving residential structures that, upon completion, will be occupied by an LMI household.

(2) Activities that meet the above criteria will be considered to benefit low and moderate-income persons unless there is substantial evidence to the contrary. Any activities that meet the newly established national objective criteria described above will count towards the calculation of a CDBG-MIT grantee's overall LMI benefit.

V.B.6. Alternative requirement for housing rehabilitation—assistance for second homes. The Department is instituting an alternative requirement to the rehabilitation provisions at 42 U.S.C. 5305(a)(4) as follows: Properties that serve as second homes are not eligible for rehabilitation assistance or housing incentives provided through a CDBG-MIT program. For CDBG-MIT funds, a second home is defined as a home that is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance. Grantees can verify a primary residence using a variety of documentation including, but not limited to, voter registration cards, tax returns, homestead exemptions, driver's licenses and rental agreements.

V.B.7. Flood insurance. Grantees, recipients, and subrecipients must implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements described below, prior to providing assistance. For additional information, please consult with the field environmental officer in the local HUD field office or review the guidance on flood insurance requirements on HUD's website.

V.B.7.a. Flood insurance purchase requirements. HUD does not prohibit the use of CDBG-MIT funds for existing residential buildings in a Special Flood Hazard Area (or 100-year floodplain). However, Federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted homeowner of a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for HUD-assisted property within a Special Flood Hazard Area, when HUD assistance is used to finance acquisition or construction, including rehabilitation. HUD strongly

recommends the purchase of flood insurance *outside* of a Special Flood Hazard Area for properties that have been damaged by a flood, to better protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future, but this is not a requirement.

V.B.7.b. Federal assistance to owners remaining in a floodplain.

(1) Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. In general, it provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for "repair, replacement, or restoration" for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. This means that a grantee may not provide CDBG-MIT assistance for the repair, replacement, or restoration of a property to a person who has failed to meet this requirement and must implement a process to check and monitor for compliance.

(2) The Department is instituting an alternative requirement to 42 U.S.C. 5305(a)(4) as follows: Grantees receiving CDBG-MIT funds are prohibited from providing CDBG-MIT assistance for the rehabilitation/reconstruction of a house, if (a) the combined household income is greater than 120 percent AMI or the national median, (b) the property was located in a floodplain at the time of the disaster, and (c) the property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance. When a homeowner located in the floodplain allows their flood insurance policy to lapse, it is assumed that the homeowner is unable to afford insurance and/or is accepting responsibility for future flood damage to the home. HUD is establishing this alternative requirement to ensure that adequate recovery resources are available to assist lower income homeowners who reside in a floodplain but who are unlikely to be able to afford flood insurance. Higher income homeowners who reside in a floodplain, but who failed to secure or decided to not maintain their flood insurance,

should not be assisted at the expense of those lower income households.

Therefore, a grantee may only provide assistance for the rehabilitation or reconstruction of a house located in a floodplain if: (a) The homeowner had flood insurance at the time of the qualifying disaster and still has unmet recovery needs; or (b) the household earns less than the greater of 120 percent AMI or the national median and has unmet recovery needs.

(3) Section 582 also imposes a responsibility on a grantee that receives CDBG-MIT funds or that designates annually appropriated CDBG funds for disaster recovery. That responsibility is to inform property owners receiving assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance in writing and to maintain such written notification in the documents evidencing the transfer of the property, and that the transferring owner may be liable if he or she fails to do so. These requirements are enumerated at <http://uscode.house.gov/view.xhtml?req=granuleid:U.S.C.-prelim-title42-section5154a&num=0&edition=prelim>.

V.C. Infrastructure and Other Nonresidential Structures

V.C.1. Elevation of nonresidential structures. Nonresidential structures must be elevated to the standards described in this paragraph or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above the 100-year (or 1 percent annual chance) floodplain and may include using structural or nonstructural methods to reduce or prevent damage; or, designing it to adapt to, withstand and rapidly recover from a flood event. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 500-year (or 0.2 percent annual chance) floodplain must be elevated or floodproofed (in accordance with the FEMA standards) to the higher of the 500-year floodplain elevation or three feet above the 100-year floodplain elevation. If the 500-year floodplain or elevation is unavailable, and the Critical Action is in the 100-year floodplain, then the structure must be elevated or floodproofed at least three feet above the 100-year floodplain elevation. Critical Actions are defined as an "activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property." For example, Critical Actions

include hospitals, nursing homes, police stations, fire stations and principal utility lines. Grantees are reminded that the elevation of structures must comply with all applicable federal accessibility standards outlined in section V.A.31.

Non-structural infrastructure must be resilient to flooding. The vertical flood elevation establishes the level to which a facility must be resilient. This may include using structural or nonstructural methods to reduce or prevent damage; or, designing it to withstand and rapidly recover from a flood event. In selecting the appropriate resilience approach, grantees should consider several factors such as flood depth, velocity, rate of rise of floodwater, duration of floodwater, erosion, subsidence, the function or use and type of facility, and other factors.

Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

V.C.2. Requirements for flood control structures. Grantees that use CDBG-MIT funds to assist flood control structures (i.e., dams and levees) are prohibited from using CDBG-MIT funds to enlarge a dam or levee beyond the original footprint of the structure that existed prior to the disaster event. Grantees that use CDBG-MIT funds for levees and dams are required to: (1) Register and maintain entries regarding such structures with the U.S. Army Corps of Engineers National Levee Database or National Inventory of Dams; (2) ensure that the structure is admitted in the U.S. Army Corps of Engineers Public Law 84-99 Rehabilitation Program (Rehabilitation Assistance for Non-Federal Flood Control Projects); (3) ensure the structure is accredited under the FEMA National Flood Insurance Program; (4) enter into the DRGR system the exact location of the structure and the area served and protected by the structure; and (5) maintain file documentation demonstrating that the grantee has conducted a risk assessment prior to funding the flood control structure and documentation that the investment includes risk reduction measures. CDBG-MIT funds may be used on the construction or demolition of a dam, levee or other flood control structure provided that construction or demolition shall be demonstrated to be an eligible mitigation activity pursuant to the requirements of this notice. Rehabilitation of dams, levees or flood control structures are also eligible, provided that the rehabilitation is demonstrated to be an eligible mitigation activity and for dams and

levees, that the rehabilitation may not exceed the original footprint of the structure as provided herein.

V.C.3. Waiver and alternative requirement to permit certain improvements on private lands. The Department recognizes that in order to achieve broad based and regional mitigation outcomes, it may be necessary to fund certain improvements on private lands that will yield public mitigation benefits. For instance, a grantee may seek to fund improvements and implement stormwater management practices on mostly privately-owned land to prevent or minimize the impact of downstream flooding. Under the Department's regulations and the HCDA, however, not all of these activities may be eligible under section 105(a)(2) of the HCDA, which permits the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements. However, HUD recognizes that these improvements and management practices to be installed or applied on private lands can provide public benefits that are similar to the public benefits derived from public works, facilities, and other improvements generally eligible under section 105(a)(2). Accordingly, the Department is establishing a waiver and alternative requirement to expand section 105(a)(2) of the HCDA and to waive the provisions of 24 CFR 570.201(c) and 24 CFR 570.202(a)(1) to the extent necessary to permit CDBG-MIT grantees to carry out activities that provide for improvements on private lands that can be demonstrated to have a measurable public mitigation benefit. This eligible activity includes the expenditure of CDBG-MIT funds for actions necessary to obtain mandatory environmental permits (if approved by the permitting agency). CDBG-MIT grantees must demonstrate at a program level that such payments are necessary and reasonable and are required to secure the permits needed to implement its CDBG-MIT project.

V.C.4. Prohibiting assistance to private utilities. Funds made available under this notice may not be used to assist privately-owned utilities. A CDBG-MIT grantee that prioritizes a mitigation project where assistance to a privately-owned utility is necessary, may request a waiver of this prohibition.

V.C.5. Prohibition on emergency response services. CDBG-MIT funds shall not be used for programs and projects to provide emergency response services. Emergency response services shall mean those services that are carried out in the immediate response to a disaster or other emergency in order

to limit the loss of life and damage to assets by State and local governmental and nongovernmental emergency public safety, fire, law enforcement, emergency response, emergency medical (including hospital emergency facilities), and related personnel, agencies, and authorities. However, CDBG-MIT funds may be used for mitigation activities to enhance the resilience of facilities used to provide emergency response services, provided that such assistance is not used for buildings for the general conduct of government as defined at 24 CFR 570.3.

V.D. Economic Development

V.D.1. National objective documentation for economic development activities. 24 CFR 570.483(b)(4)(i), 24 CFR 570.506(b)(5), and 24 CFR 1003.208(d) are waived to allow the grantees receiving CDBG-MIT funds to identify the low- and moderate-income jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job. HUD will consider the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family. This method replaces the standard CDBG requirement—in which grantees must review the annual wages or salary of a job in comparison to the person's total household income and size (i.e., the number of persons). Thus, it streamlines the documentation process because it allows the collection of wage data for each position created or retained from the assisted businesses, rather than from each individual household.

V.D.2. Public benefit for certain economic development activities. The public benefit provisions set standards for individual economic development activities (such as a single loan to a business) and for economic development activities in the aggregate. Currently, public benefit standards limit the amount of CDBG assistance per job retained or created, or the amount of CDBG assistance per low- and moderate-income person to which goods or services are provided by the activity. These dollar thresholds were set two decades ago and can impede recovery by limiting the amount of assistance the grantee may provide to a critical activity.

This notice waives the public benefit standards at 42 U.S.C. 5305(e)(3), 24 CFR 570.482(f), 24 CFR 570.209(h) and (d), and 24 CFR 1003.302(c) for only those economic development activities designed to create or retain jobs or businesses (including, but not limited to, long-term, short-term, and

infrastructure projects). However, grantees shall collect and maintain documentation in the project file on the creation and retention of total jobs; the number of jobs within certain salary ranges; the average amount of assistance provided per job, by activity or program; and the types of jobs. Additionally, grantees shall report the total number of jobs created and retained and the applicable national objective in the DRGR system. Paragraph (g) of 24 CFR 570.482 is also waived to the extent these provisions are related to public benefit.

V.D.3. Clarifying note on Section 3 resident eligibility and documentation requirements. The definition of "low-income persons" in 12 U.S.C. 1701u and 24 CFR 135.5 is the basis for eligibility as a section 3 resident. A section 3 resident means: (1) A public housing resident; or (2) an individual who resides in the metropolitan area or nonmetropolitan county in which the section 3 covered assistance is expended, and who is: (i) A low-income person or (ii) a very-low-income person. Grantees should determine that an individual is eligible to be considered a section 3 resident if the annual wages or salary of the person are at, or under, the HUD-established income limit for a one-person family for the jurisdiction—which is eighty percent of the median income for the area. This authority does not impact other section 3 resident eligibility requirements in 24 CFR 135.5. All direct recipients of CDBG-MIT funding must submit form HUD-60002 annually through the Section 3 Performance Evaluation and Registry System (SPEARS) which can be found on HUD's website: https://www.hud.gov/program_offices/fair_housing_equal_opp/section3/section3/spears.

V.D.4. Waiver and modification of the job relocation clause to permit assistance to help a business return. CDBG requirements prevent program participants from providing assistance to a business to relocate from one labor market area to another if the relocation is likely to result in a significant loss of jobs in the labor market from which the business moved. This prohibition can be a critical barrier to reestablishing and rebuilding a displaced employment base after a major disaster. Therefore, 42 U.S.C. 5305(h), 24 CFR 570.210, 24 CFR 570.482, and 24 CFR 1003.209 are waived to allow a grantee to provide assistance to any business that was operating in the disaster-declared labor market area before the incident date of the applicable disaster and has since moved, in whole or in part, from the affected area to another State or to a

labor market area within the same State to continue business.

V.D.5. Prioritizing small businesses. To target assistance to small businesses, the Department is instituting an alternative requirement to the provisions at 42 U.S.C. 5305(a) to require grantees to prioritize assisting businesses that meet the definition of a small business as defined by SBA at 13 CFR part 121 or, for businesses engaged in "farming operations" as defined at 7 CFR 1400.3, and that meet the United States Department of Agriculture Farm Service Agency (FSA), criteria that are described at 7 CFR 1400.500, which are used by the FSA to determine eligibility for certain assistance programs. HUD advises grantees to pursue sources of assistance other than CDBG-MIT funds in order to address needs arising from crop loss or other agricultural losses attributable to the disaster.

V.D.6. Underwriting. Notwithstanding section 105(e)(1) of the HCDA, no CDBG-MIT funds may be provided to a for-profit entity for an economic development project under section 105(a)(17) unless such project has been evaluated and selected in accordance with guidelines developed by HUD pursuant to section 105(e)(2) for evaluating and selecting economic development projects. States and their subrecipients are required to comply with the underwriting guidelines in Appendix A to 24 CFR part 570 if they are using grant funds to provide assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA. The underwriting guidelines are found at Appendix A of Part 570. https://www.ecfr.gov/cgi-bin/text-idx?SID=88dce3d3d630ad9fd8ab91268dd829f1e&mc=true&node=ap24.3.570_1913.a&rgn=div9.

V.D.7. Limitation on use of funds for eminent domain. No CDBG-MIT funds may be used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For purposes of this paragraph, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects, as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the

general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. 107-118) shall be considered a public use for purposes of eminent domain.

VI. Certifications and Collection of Information

VI.1. Certifications waiver and alternative requirement. 24 CFR 91.225 and 91.325 are waived. Each grantee receiving a direct allocation of CDBG-MIT funds must make the following certifications with its action plan:

a. The grantee certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with CDBG-MIT funding.

b. The grantee certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.

c. The grantee certifies that the action plan is authorized under State and local law (as applicable) and that the grantee, and any entity or entities designated by the grantee, and any contractor, subrecipient, or designated public agency carrying out an activity with CDBG-MIT funds, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this notice. The grantee certifies that activities to be undertaken with CDBG-MIT funds are consistent with its action plan.

d. The grantee certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for CDBG-MIT funds.

e. The grantee certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

f. The grantee certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 or 91.105 (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each local government receiving assistance from a State grantee must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).

g. State grantee certifies that it has consulted with affected local governments in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the uses of funds, including the method of distribution of funding, or activities carried out directly by the State.

h. The grantee certifies that it is complying with each of the following criteria:

(1) Funds will be used solely for necessary expenses related to mitigation activities, as applicable, in the most impacted and distressed areas for which the President declared a major disaster in 2015, 2016, or 2017 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 *et seq.*).

(2) With respect to activities expected to be assisted with CDBG-MIT funds, the relevant action plan has been developed to give priority to activities that will benefit low- and moderate-income families.

(3) The aggregate use of CDBG-MIT funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 50 percent (or another percentage permitted by HUD in a waiver published in an applicable Federal Register notice) of the CDBG-MIT grant amount is expended for activities that benefit such persons.

(4) The grantee will not attempt to recover any capital costs of public improvements assisted with CDBG-MIT funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) CDBG-MIT funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (a).

i. The grantee certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601–3619), and implementing regulations, and that it will affirmatively further fair housing.

j. The grantee certifies that it has adopted and is enforcing the following policies, and, in addition, must certify that they will require local governments

that receive grant funds to certify that they have adopted and are enforcing:

(1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

(2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

k. The grantee certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out mitigation activities, as applicable, in a timely manner and that the grantee has reviewed the respective requirements of this notice. The grantee certifies to the accuracy of its Public Law 115–56 Financial Management and Grant Compliance certification checklist, or other recent certification submission, if approved by HUD, and related supporting documentation referenced at section V.A.1.a of this notice and its implementation plan and capacity assessment and related submissions to HUD referenced at section V.A.1.b.

l. The grantee certifies that it considered the following resources in the preparation of its action plan, as appropriate: FEMA Local Mitigation Planning Handbook: https://www.fema.gov/media-library-data/20130726-1910-25045-9160/fema_local_mitigation_handbook.pdf; DHS Office of Infrastructure Protection: <https://www.dhs.gov/sites/default/files/publications/ip-fact-sheet-508.pdf>; National Association of Counties, Improving Lifelines (2014): https://www.naco.org/sites/default/files/documents/NACo_ResilientCounties_Lifelines_Nov2014.pdf; the National Interagency Coordination Center (NICC) for coordinating the mobilization of resources for wildland fire: <https://www.nifc.gov/nicc/>; the U.S. Forest Service's resources around wildland fire (<https://www.fs.fed.us/managing-land/fire/>); and HUD's CPD Mapping tool: <https://egis.hud.gov/cpd/maps/>.

m. The grantee certifies that it will not use CDBG-MIT funds for any activity in an area identified as flood prone for land use or hazard mitigation planning purposes by the State, local, or tribal government or delineated as a Special Flood Hazard Area (or 100-year floodplain) in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55. The relevant data source for this

provision is the State, local, and tribal government land use regulations and hazard mitigation plans and the latest-issued FEMA data or guidance, which includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps.

n. The grantee certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

o. The grantee certifies that it will comply with environmental requirements at 24 CFR part 58.

p. The grantee certifies that it will comply with applicable laws.

Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.

VII. Duration of Funding

This notice requires each grantee to expend fifty percent of its CDBG-MIT grant on eligible activities within six years of HUD's execution of the grant agreement and one hundred percent of its grant within twelve years of HUD's execution of the agreement absent a waiver and alternative requirement as requested by the grantee and approved by HUD.

VIII. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for the grants under this notice are as follows: 14.218 for Entitlement CDBG grantees and 14.228 for State CDBG grantees.

IX. Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202–708–3055 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at 800–877–8339 (this is a toll-free number).

Dated: August 23, 2019.

Benjamin Carson, Sr.,

Secretary.

[FR Doc. 2019-18607 Filed 8-29-19; 8:45 am]

BILLING CODE 4210-67-P

ATTACHMENT VI

Debarment and Suspension Certificate

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS - LOWER-TIER COVERED TRANSACTIONS

This Agreement is a covered transaction for purposes of the debarment and suspension regulations implementing Executive Order 12549, *Debarment and Suspension* (1986) and Executive Order 12689, *Debarment and Suspension* (1989) at 2 C.F.R. Part 3000 (Non-procurement Debarment and Suspension). As such, Vendor is required to confirm that none of the Vendor, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the Vendor (referred to herein as the "prospective lower tier participant") is providing the certification set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without

modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

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CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AN VOLUNTARY
EXCLUSION—LOWER TIER COVERED TRANSACTIONS

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Vendor Name:	
President:	
Name of Authorized Official:	
Signature:	
Date:	

ATTACHMENT VII

Lobbying Certificate

Lobbying Certification

The undersigned Vendor certifies, to the best of his or her knowledge, that:

- 1) No Federal appropriated funds appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any City agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- 3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 31 USC § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

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The undersigned Vendor, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, Vendor understands and agrees that the provisions of 31 USC § 3801 *et seq.*, apply to this certification and disclosure, if any.

Vendor Name:	
President:	
Name of Authorized Official:	
Signature:	
Date:	