

# ***Commonwealth of Virginia Community Development Block Grant Disaster Recovery (CDBG-DR)***

**CDBG-DR Program Guidelines for Tropical Storm Helene  
Disaster Strategy for DR-4831-VA**



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# Chapter 1 – Program Overview

## 1.1 Background

On September 27, 2024, Hurricane Helene hit Virginia, causing historic rainfall, floods, strong winds, and tornadoes in the Southwest region. This disaster resulted in unprecedented impacts on the region’s infrastructure and economy, along with widespread housing damage. In the months following the event, the impacted localities have worked to leverage resources from local, state, and federal partners to navigate the long-term recovery process towards creating more resilient communities. Despite these coordinated efforts, preliminary estimates from FEMA approximate more than \$340 million in hurricane damage to the Commonwealth.

The Commonwealth of Virginia received \$46,670,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding from the U.S. Department of Housing and Urban Development (HUD) to address the long-term recovery following Tropical Storm Helene (FEMA-4831-DR-VA). Virginia’s CDBG-DR funds will support disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization efforts, and mitigation activities in the most impacted and distressed areas. These funds are designed to address the needs that remain after all other assistance has been exhausted.

## 1.2 Eligible Applicants

In accordance with the [Universal Notice](#) issued by HUD, eighty percent of the CDBG-DR funding must be used for activities benefitting the HUD-identified most impacted and distressed (MID) areas. In Virginia, the two HUD-MID localities are:

**Washington County**, indicated in red in

Figure 1 (right), includes the following towns:

- Abingdon
- Damascus
- Glade Spring
- Saltville



Figure 1: Washington County



Figure 2: Giles County

**Giles County**, indicated in red in

Figure 2 (left), includes the following towns:

- Pearisburg
- Rich Creek
- Narrows
- Pembroke

The remaining 20 percent of CDBG-DR funds may be used for activities in the DHCD-identified MID areas. These are:

Table 1: DHCD-MID Area Localities

| Counties     |                | Cities      |
|--------------|----------------|-------------|
| • Bedford    | • Pittsylvania | • Bristol   |
| • Bland      | • Pulaski      | • Covington |
| • Buchanan   | • Russell      | • Danville  |
| • Carroll    | • Scott        | • Galax     |
| • Craig      | • Smyth        | • Norton    |
| • Dickenson  | • Tazewell     | • Radford   |
| • Grayson    | • Wise         |             |
| • Montgomery | • Wythe        |             |

### 1.3 Allocation of Funding

Funding allocations are based on the CDBG-DR Action Plan and any subsequent amendments. The Action Plan and related documents can be accessed at <https://www.dhcd.virginia.gov/cdbg-dr>. The following table describes the intended allocation of available CDBG-DR funding.

Table 2: CDBG-DR Funding Allocations

|                              | Eligible Cost Category                    | Allocation Amount   | Estimated \$ to HUD-MID Localities | Maximum \$ to DHCD-MID Localities |
|------------------------------|---|---------------------|------------------------------------|-----------------------------------|
| CDBG-DR                      | DHCD Administrative Costs                 | \$2,333,500         |                                    |                                   |
|                              | Strategic Recovery Planning Program       | \$3,720,000         | \$309,876                          | \$3,410,124                       |
|                              | Housing Recovery Program                  | \$18,296,300        | \$14,637,040                       | \$3,659,260                       |
|                              | Infrastructure Recovery Program           | \$12,174,900        | \$11,687,904                       | \$486,996                         |
|                              | Economic Revitalization Recovery Program  | \$4,058,300         | \$3,966,988                        | \$91,312                          |
|                              | <b>Total CDBG-DR Allocation</b>           | <b>\$40,583,000</b> | <b>\$30,601,808</b>                | <b>\$7,647,692</b>                |
| Mitigation Set-Aside         | Housing Mitigation Activities             | \$3,043,500         | \$2,434,800                        | \$608,700                         |
|                              | Infrastructure Mitigation Activities      | \$3,043,500         | \$2,434,800                        | \$608,700                         |
|                              | <b>Total CDBG-DR Mitigation Set-Aside</b> | <b>\$6,087,000</b>  | <b>\$4,869,600</b>                 | <b>\$1,217,400</b>                |
| <b>Total CDBG-DR Funding</b> |   | <b>\$46,670,000</b> | <b>\$35,471,408</b>                | <b>\$8,865,092</b>                |

DHCD will make the funding available through four CDBG-DR programs as follows:

- Housing Recovery Program
- Infrastructure Recovery Program
- Economic Revitalization Recovery Program
- Strategic Recovery Planning Program

The maximum award for each program is listed in the table below. Please note that DHCD reserves the right to adjust application requests and fund projects at higher or lower levels based on project needs and funding availability.

*Table 3: CDBG-DR Maximum Awards*

| <b>Program</b>                                       | <b>HUD-MID Localities<br/>Maximum Award</b> | <b>DHCD-MID Localities*<br/>Maximum Award</b> |
|--|---|---|
| <b>Infrastructure Recovery Projects</b>              | \$2,000,000                                 | \$500,000                                     |
| <b>Economic Revitalization Recovery<br/>Projects</b> | \$1,250,000                                 | \$200,000                                     |

## Chapter 2 – CDBG-DR Programs

Please note, DHCD has published separate Program Guidelines for the Housing Recovery Program (HRP) and the Strategic Recovery Planning (SRP) Program to the [CDBG-DR webpage](#). DHCD anticipates publishing further revisions to the Economic Revitalization and Infrastructure Recovery Program Guidelines.

### 2.1 Infrastructure Recovery Program

The Infrastructure Recovery Program focuses on activities that rebuild or replace infrastructure impacted by Tropical Storm Helene. It will also allow for mitigation activities that will help to limit damage from future disasters. Eligible activities for Infrastructure Recovery projects generally include:

- Projects involving water, wastewater, and drainage;
- Certain community facilities serving primarily LMI persons, such as health clinic or skill-building facilities for jobs related to disaster recovery;
- Street improvements;
- Other infrastructure activities as needed and identified in related recovery plans.

Project maximum awards are based on project locations. Applicants from the HUD-MID areas may receive up to \$2,000,000 in CDBG-DR funding for an Infrastructure Recovery project. Applicants from the DHCD-MID areas may receive up to \$500,000 in CDBG-DR funding for an Infrastructure Recovery project.

#### 2.11 Eligible Costs

Eligible costs are limited to unmet needs not covered by another resource including both public and private (please see the program requirements for more details). Please note that CDBG-DR is an eligible match resource for some other recovery resources. Eligible costs are based on the specific project and may include costs such as:

- Construction
- Construction soft costs
- Project delivery costs
- Mitigation costs

##### *Project Delivery Costs*

Up to ten percent of the CDBG-DR funds awarded may be used for certain subrecipient costs incurred to manage the project. These costs may include, but are not limited to the following:

- Site visits
- Processing remittances
- Obtaining specifications and bids
- Holding project-related meetings

##### *Mitigation*

The Infrastructure Recovery Program allows for infrastructure-related activities without a direct connection to Tropical Storm Helene. In this case, the mitigation costs may fund activities that reduce or

eliminate risks to infrastructure (including public facilities) from future storms. Examples of infrastructure mitigation activities may include:

- Constructing floodwalls around damaged facilities
- Installing new drainage facilities along a damaged road
- Installing submersible pumps in water or wastewater plants
- Anchor storage tanks to prevent movement
- Installing shut-off valves on underground pipes

## 2.12 Infrastructure Recovery Program Requirements

### *LMI Benefits*

Infrastructure Recovery projects funded with CDBG-DR resources must meet the criteria for LMI national objectives set forth in [24 CFR 570.483\(b\)](#) requiring that 51% of beneficiaries of CDBG-DR funded activities be from LMI households. Applicants must demonstrate the ability to meet this requirement with local surveys, census data, or other documentation. For CDBG-DR purposes, LMI is defined as households at or below 80 percent AMI. FY2025 AMI calculations can be accessed in the following [dataset](#).

DHCD reserves the right to fund projects which do not meet the LMI benefit national objective in the event of extenuating circumstances. Applicants proposing projects which do not meet the LMI national objective must complete a pre-application consultation with DHCD staff.

### *Project PER*

Project activities are established through completion of preliminary engineering work. If a Preliminary Engineering Report (PER) was completed, a copy of it must accompany the CDBG-DR Infrastructure Recovery project application. Applicants are encouraged to submit an engineer's opinion of probable cost in cases where the PER is not available.

### *Community Service Facilities*

There are several types of facilities that may be constructed, repaired, or expanded with CDBG-DR funding. All projects must be responding to a need directly resulting from Tropical Storm Helene. Examples of Community Service Facilities may include health clinics, childcare centers, and food pantries.

For Community Service Facilities projects, the locality must have control of the property during the time of CDBG funded improvements. Generally, this control will be either ownership or lease of the property. Alternative methods of legal control can be negotiated on a case-by-case basis, contact DHCD for additional guidance.

## 2.2 Economic Revitalization Recovery Program

The Economic Revitalization Recovery Program focuses on creating economic opportunities for those impacted by Tropical Storm Helene. Eligible activities for Economic Revitalization projects generally include:

- **Façade improvements** – activities that will remove physical and economic blight to improve downtown facades and restore businesses.
- **Site development** – activities that will target and develop sites which have been rendered unmarketable or unusable due to Tropical Storm Helene with the goal of improving economic value and increased investment in the area.
- **Small business recovery assistance** – activities aimed at providing financial assistance, such as loans or grants, to small businesses that were negatively impacted by the disaster event
- **Job creation, retention, and training** – creating programs aimed at creating and retaining jobs for the community members affected by the disaster event.
- **Other** economic revitalization activities as needed and identified in related recovery plans.

Project maximum awards are based on project locations. Applicants from the HUD-MID areas may receive up to \$1,250,000 in CDBG-DR funding for an Economic Revitalization Recovery project. Applicants from the DHCD-MID areas may receive up to \$200,000 in CDBG-DR funding for an Economic Revitalization Recovery project.

### 2.21 Eligible Costs

Eligible costs are limited to unmet needs not covered by another resource including both public and private (please see the program requirements for more details). Eligible costs are based on the specific project and may include costs such as:

- Construction
- Construction soft costs
- Job training
- Site redevelopment
- Small business assistance (ex. marketing, advertising, promotions, website development)

#### *Project Delivery Costs*

Up to ten percent of the CDBG-DR funds awarded may be used for certain subrecipient costs incurred to manage the project. These costs may include, but are not limited to the following:

- Site visits
- Processing remittances
- Obtaining specifications and bids
- Holding project-related meetings

## 2.22 LMI Benefits

Economic Revitalization Recovery projects funded with CDBG-DR resources must meet the criteria for LMI national objectives set forth in [24 CFR 570.483\(b\)](#) requiring that 51% of beneficiaries of CDBG-DR funded activities be LMI individuals. Applicants must demonstrate the ability to meet this requirement with local surveys, census data, or other documentation. For CDBG-DR purposes, LMI is defined as households at or below 80 percent AMI. FY2025 AMI calculations can be accessed in the following [dataset](#).

DHCD reserves the right to fund projects which do not meet the LMI benefit national objective in the event of extenuating circumstances. Applicants proposing projects which do not meet the LMI national objective must complete a pre-application consultation with DHCD staff.

# Chapter 3 – CDBG-DR Applications

## 3.1 Application Requirements

Eligible applicants must be units of local government in the impacted areas. These localities must demonstrate sufficient capacity to carry out the project and be in good standing with DHCD. Please see Other Program Requirements for more details.

CDBG-DR applications must be submitted to DHCD through the Centralized Application and Management System (CAMS). Applicants must respond to each narrative question and submit all required attachments to be eligible for a CDBG-DR award. Additional application requirements are as detailed in the following sections.

### 3.11 Citizen Participation Requirements

All applicants must provide an adequate opportunity for constituents to participate in the development of applications for CDBG-DR assistance. Notwithstanding important, ongoing, informal organizational efforts, each applicant for funding must hold two public hearings to notify citizens of details of its use of CDBG-DR funding and of the activities, level of funding, and level of benefit targeted by its current application. These two public hearings must occur prior to submission of a CDBG-DR application.

### 3.12 Environmental Review

In accordance with [24 CFR part 58](#), subrecipients must meet the applicable environmental requirements before the use or commitment of funds for each activity funded by CDBG-DR. To comply with this regulation and demonstrate project readiness, applicants are encouraged to provide evidence of progress in the environmental review process. Please see the Environmental Review section for additional information.

### 3.13 Non-Duplication of Benefits

CDBG-DR assistance is only intended to supplement, not replace, other public, private and nonprofit sector resources that have already been provided for the same need or loss. To ensure that benefits are not duplicated, DHCD conducts comprehensive reviews upon receipt of a CDBG-DR application, which includes an assessment of the need for assistance and the assistance already received.

Applicants are required to gather documentation related to all sources of assistance available to and utilized in any project that they intend to assist.

## 3.2 Application Review Process

Applications are competitive and accepted on a rolling basis. Once the application is open, monthly application reviews will be conducted through September 30, 2025, based on funding availability. DHCD reserves the right to reallocate through a substantial amendment prior to September 30, 2025.

### 3.21 Scoring Criteria

CDBG-DR Implementation applications are evaluated according to the following 100-point scale:

- Need (40 points)
- Project Feasibility/Approach (30 points)
- Capacity (30 points)

Applicants must score at least 60 points to receive an award. DHCD reserves the right to make budget adjustments from application request to final award amount.

### 3.3 DHCD Technical Assistance

DHCD will provide technical assistance to local governments and their agents with preparation and submission of applications. DHCD staff is available to provide technical assistance to a locality to assist in project development; requests may be directed to [CDBG-DR@dhcd.virginia.gov](mailto:CDBG-DR@dhcd.virginia.gov). Technical assistance can include sharing information and expertise, instruction, skills training, transmission of working knowledge, and the transmission of technical data. Note, however, that it is ultimately the responsibility of the subrecipient to ensure compliance with all applicable grant requirements.

## Chapter 4 – Other Program Requirements

Please note, comprehensive guidance for program requirements is included in the [CDBG-DR Implementation Manual](#).

### 4.1 Compliance

The following provisions are required for any project receiving CDBG-DR funding.

#### 4.11 Uniform Administrative Requirements

All CDBG-DR projects must adhere to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as detailed in [Title 2 CFR Part 200](#).

#### 4.12 Conflict of Interest Policy

Conflicts of interest are cases when relationships with a parent company, affiliate, or subsidiary organization render the recipient or subrecipient unable, or apparently unable, to be impartial in the selection of a related organization for property or services procured for activities funded by a federal award. Conflicts of interest in the award and/or administration of contracts must be avoided. No employee of a federal award recipient may 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, is involved.

In accordance with Virginia and federal conflict of interest requirements (including [Title 24 CFR Part 570.611](#)), no work can be done on the property of any person, or his/her immediate family, who has or had decision-making power in the CDBG-DR program from the time the application was planned, developed and submitted to DHCD to the grant's execution and implemented without DHCD's prior written approval. This includes any elected and appointed officials, employees of the subrecipient, and Housing or Façade Board Members.

#### *Code of Conduct*

[2 CFR part 200.318\(c\)\(1\)](#) requires DHCD and subrecipients to maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts. Articles governing the Commonwealth public procurement ethics are found in Virginia Code 2.2-4367-4377.

#### 4.13 Universal Design Elements

DHCD requires use of Universal Design elements when applicable. This is particularly applicable where substantial reconstruction of a unit will take place. Universal design elements include:

- Accessible route to a zero-step entrance into the residence
- Doors with at least 32 inches of clear width
- Hallways and passages with at least 36 inches of clear width
- Accessible light switches, electrical outlets and environmental controls
- Accessible bathroom
- Accessible and useable kitchen facilities

#### 4.14 Anti-Displacement

Localities must minimize the displacement of individuals, families, businesses, organizations, and farms to the greatest extent possible. This includes direct displacement resulting from real property acquisition, rehabilitation, demolition or conversion, and any indirect displacement.

Localities must certify that displacement will be minimized at the local level and that a Residential Anti-Displacement and Relocation Assistance Plan, which includes a one-for-one replacement provision, will be followed. Each recipient of CDBG-DR Grant funding must provide financial benefits and advisory services to any individual or entity involuntarily and permanently displaced as a result of a CDBG-DR-assisted activity. This assistance must be provided on an equitable basis.

#### 4.16 Environmental Review

CDBG-DR subrecipients must comply with requirements of [24 CFR Part 58](#) and additional regulations as applicable.

##### *Environmental Consideration for Construction Projects*

Applicants are advised to contact the Virginia Department of Historic Resources (DHR) early in the project planning process. DHCD staff will advise applicants on how to incorporate DHR's comments into the Environmental Review process.

##### *Lead Hazard Reduction*

Any building constructed pre-1978 receiving CDBG-DR investment more than \$25,000 must comply with lead testing requirements in [40 CFR Part 745 Subpart D](#). CDBG-DR funds may be used to test for and mitigate lead hazards in applicable properties.

##### *Addressing Radon*

Pursuant to HUD [CPD Notice 23-103](#), radon gas must be considered in the contamination analysis required during the environmental review process at [24 CF Part 58.5\(i\)](#).

All structures under construction with Virginia CDBG-DR funding after April 11, 2024 must be tested for radon in accordance with the [standards](#) co-written by the American National Standards Institute (ANSI) and the American Association of Radiation Scientists and Technologists (AARST). Radon testing must be conducted by a professional currently certified by the National Radon Safety Board (NRSB) or the National Radon Proficiency Program (NRPP). The websites for each of these entities have a search engine to "Find a Professional" in your area. Radon Mitigation Companies must be licensed by the Virginia Department of Professional and Occupational Regulations (DPOR).

The environmental review preparer may *not* use the EPA Map of Radon Zones nor EPA State Maps of Radon Zones for considering radon levels at a project site for compliance with [24 CFR 58.5\(i\)](#).

Additionally, the use of radon test kits procured from local vendors is not acceptable for this program.

Radon testing must be conducted on any structure occupied more than four hours per day. No CDBG funds will be obligated for improvements on a structure prior to the completion of radon testing in accordance with the above standards.

If testing demonstrates that radon levels are below 4pCi/L, mitigation is not required. All resulting documentation must be added to the ERR and the construction file for the structure.

When radon testing determines indoor air radon levels are at or above 4 pCi/L or the scientific data review determines the project site is located in an area that has documented radon levels at or above 4 pCi/L, the Environmental Review Record (ERR) must include a mitigation plan. Structures with test readings of 4 pCi/L or more must receive radon mitigation systems installed in the structure by a radon licensed entity after the general rehabilitation is complete, and must document a post test for radon reading that is less than 4 pCi/L.

A copy of the test report and mitigation plan (if applicable) must be obtained from the certified professional and included in the ERR. Any required radon mitigation activities must be conducted by a different entity than performed the testing. Radon testing should occur after the rehab improvements are complete on a HUD-funded structure.

## 4.2 Acquisition

All applicable federal regulatory procedures must be followed when acquisition is identified as a potential project activity and CDBG-DR funds will be utilized.

CDBG-DR funds will only pay up to the fair market value established using the following criteria:

- If the proposed property to be acquired (not necessarily the entire property) is valued at less than \$10,000 based on current tax assessment, DHCD will not require an appraisal. However, if the property owner disagrees on the value of the property, an appraisal will be required.
- If the proposed property to be acquired is valued between \$10,001- \$100,000, an appraisal is required.
- If the proposed property to be acquired is valued over \$100,000, a review appraisal is required.

CDBG-DR funds cannot be used solely for acquisition of any property or facility.

### Facility Control

Any facility built or improved with CDBG funding must be controlled for an agreed upon period, up to 20 years through ownership or lien by the local government and maintained for the intended use OR the facility or the amount of CDBG-DR funding invested in the facility must be returned to the local government to utilize for other CDBG-DR-eligible activities authorized by DHCD. For *Community Service Facilities* projects, the locality must have control of the property during the time of CDBG funded improvements. Generally, this control will be either ownership or long-term lease of the property, with expectations of continued use for eligible benefits. Alternative methods of legal control can be negotiated on a case-by-case basis.

## 4.3 Procurement Process

This section provides guidance on standards and guidelines for the procurement of all property and services used to implement CDBG-DR activities by DHCD and its recipients. This includes, but is not limited to, supplies and equipment and construction, engineering, architectural, and consulting services. This guidance is provided to ensure that such property and services are obtained efficiently, economically, and in compliance with applicable federal and state laws and regulations.

Non-state entities are to adhere to a minimum of [2 CFR 200.318](#) through [200.327](#). A non-state entity must use its own documented policies and procedures when procurement property and services. When the entity's policies and procedures do not conform to federal laws and regulations, the non-federal entity must follow the most stringent of its policies and procedures and federal laws and regulations. The use of subrecipients or contractors does not relieve DHCD of this responsibility.

Violations identified, even after reimbursement of funds used for procurement has been issued, may result in a partial or complete return of federal funds.

The first step in managing the procurement process is ensuring that the entity's written procurement policy meets federal requirements. Non-federal entities must have written procedures for procurement transactions and should adopt these policies prior to soliciting bids or pricing, incurring costs, and entering into any contracts. These procedures must include:

- Standards of conduct that cover conflict of interest and employee engagement in the selection, award, and administration of contracts.
- Procedures to avoid acquisition of duplicate and unnecessary items and foster economical and efficient purchases.
- Procedures to ensure contractors are not debarred or suspended and are eligible to receive federal funds.
- Procedures to ensure costs are reasonable.
- Requirements to ensure records that detail the history of procurement are adequately maintained.
- Selection procedures to ensure procurement is carried out in a manner that provides maximum free and open competition and does not restrict or eliminate competition.
- Policies that detail the requirements for all methods of procurement.
- Procedures to maintain oversight of contractor terms and agreements and contractor performance.

All procurement transactions must be conducted in a manner providing full and open competition. To ensure unfair competitive advantages are eliminated, recipients must ensure that:

- Contractors involved in the development, request, and solicitation processes are excluded from competing for such procurements.
- Unreasonable qualifications, experience or product/performance requirements are eliminated.
- Noncompetitive pricing or retainer contracts are not allowed.
- Procurements do not contain statutorily or administratively imposed geographical preferences.
- Solicitations contain a clear and accurate description of the technical requirements for the materials, products, or services to be procured.
- Solicitations identify all requirements that must be fulfilled and all evaluating factors and methods.

Prequalified lists of contractors/vendors used in acquiring property and services are current and include enough qualified sources. Other potential bidders also must not be precluded during the solicitation period when a pre-qualified list is used.

Whenever the subrecipient issues a Request for Proposal solicitation that is grant funded, grant staff shall inform potential bidders through language in the RFP that subrecipient may not execute a grant-funded subaward unless they have a valid Unique Entity Identifier (UEI) number on file.

In an effort to collect UEI numbers on DHCD forms, as needed to comply with the Federal Funding and Accountability Transparency Act, the Grant Contact and Encumbrance Information Sheet has been updated to collect the UEI number of the subrecipient and / or contractor, all which may also be referred to as vendors.

#### 4.31 Funding Micro Purchases

Procurement by micro-purchase is the acquisition of supplies or services wherein the aggregate dollar amount does not exceed the micro-purchase threshold ([2 CFR 200.67](#)). Currently, the micro-purchase threshold is set at \$10,000 (or \$2,000 for acquisitions for construction) except it meets other requirements as detailed in [48 CFR Subpart 2.1](#). Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

#### 4.32 Small Purchases

Small Purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property. If small purchase procedures are used, price or rate quotations shall be obtained from at least three qualified sources. The recipient entity can request quotes from qualified sources via telephone, fax, email, mail, or any other reasonable method. The recipient should maintain written documentation on the names of the businesses contacted and how they were contacted; the prices that were quoted; and the basis for selecting one firm over the other(s).

#### 4.33 Sealed Bids

Procurement by sealed bid requires bids to be publicly solicited and result in a firm fixed-price contract awarded to the responsible bidder whose bid the lowest in price. The sealed bid method is the preferred method of procurement for construction services but can also be used to procure other goods and services. In order for sealed bidding to be feasible, the following conditions should be present:

- A complete, adequate, and realistic specification or purchase description is available.
- The invitation to bid must define the items or services needed and include any specifications and pertinent attachments.
- The invitation to bid must be publicly advertised.
- Bids must be solicited from an adequate number of known suppliers, providing them with sufficient response time prior to the date of bid opening.
- Bids are received from two or more responsible bidders and the successful bidder can be made principally based on price.
- All bids must be opened at the time and place prescribed in the invitation for bids and must be opened publicly.

Any and all bids may be rejected if there is a sound documented reason.

#### 4.34 Procurement of Professional Services

This method is typically used to contract for professional consulting, architectural or engineering services. To determine the reasonableness of proposed costs, the subrecipient will need to obtain cost

breakdowns showing all the elements of the scope of work and perform a cost analysis using the appropriate set of principles.

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Small business subcontracting plan and evidence of compliance – required for prime contracts in excess of \$100,000, unless the solicitation has a set-aside for small businesses, or no subcontracting opportunities exist.
- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.
- Proposals must be solicited from an adequate number of qualified sources.
- Recipients must have a method for conducting technical evaluations of the proposals received and for selecting awardees.
- A contract must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

Recipients must use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. This qualifications-based approach to the competitive proposals' method may not be used to purchase other than A/E services.

#### 4.35 Sole Source

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used ONLY when one or more of the following circumstances apply:

- The item is available only from a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- DHCD requires approval for noncompetitive proposals in response to a written request from the recipient. Evidence of a cost/price analysis and evidence that all other types of procurement are not feasible are common requirements for approval.
- After solicitation of a number of sources, competition is determined inadequate.

Please note that piggyback procurement is not allowed. Piggybacking refers to using the results of another entity's procurement rather than conducting one's own procurement of property or services. A recipient of federal funds may not piggyback another recipient's procurement of a contract, even if the result of the procurement activity is that the same contractor or vendor is selected.

Subrecipients must notify the DHCD CDBG-DR recipient staff of significant grant-related activities such as: grant planning, grant submission, grant approval, recipient site visits, recipient program reviews, key staff changes, misconduct involving grant program financials or programmatic activities, client

complaints, etc. These notifications allow the grants office to track subrecipients initiatives more effectively during the lifecycle of a grant.

All Pre-Contract requirements must be satisfied prior to getting approval from DHCD to expend CDBG-DR Grant funds. To meet pre-contract requirements, subrecipients must provide DHCD staff and respective legal contacts with any proposed grant-related resolutions and respective attachments. During the pre-contract review, the subrecipient will review all pre-contract documents against supporting documents to insure consistency and completeness. Similarly, DHCD staff will review grant related budget exhibits to ensure collaborative grants are accurately appropriated. Grant related resolutions and respective attachments are to be submitted to DHCD through CAMS where they will be reviewed by CDBG-DR program and financial staff.

Subrecipients are to ensure to the best of their knowledge and belief that prior to extending a subaward, the potential subaward agency or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency. At a minimum, subrecipients shall check the Excluded Parties List at [www.sam.gov](http://www.sam.gov) to ensure that the agency itself or principals of the subaward agency are not excluded or disqualified based. Companies that have been debarred and/or enjoined by the Commonwealth are identified on the [eVA Inactive Vendor List](#).

Verification of cost reasonableness is required for every procurement action involving the acquisition of property or services with federal funds in excess of the Simplified Acquisition Threshold ([2 CFR 200.88](#)). This includes property or services procured through noncompetitive proposal. Verification of cost reasonableness can be obtained by performing an independent cost or price analysis. This independent analysis can be done by subrecipient staff, by third party consultants, or by examination of existing price lists and product catalogs, but it is not based on bids received. At minimum, an independent analysis must be conducted prior to receiving bids or proposals. Additional analysis may be necessary depending on the facts surrounding the procurement activity (e.g., no price competition, inadequate competition, or changes in contract costs or terms).

#### 4.36 Force Account

DHCD encourages the use of competitive procurement methods for all phases of project activities. However, some work may be performed more efficiently and economically by using existing governmental employees and equipment. Performing work via this procedure is referred to as “force account.” The subrecipient must request approval from DHCD in writing prior to the performance of any work. Contact DHCD for further guidance if you are interested in the possibility of utilizing force account for your project.

#### 4.37 Design-Build Projects

Design-build projects do not readily lend themselves to compliance with federal and state procurement requirements, particularly open bidding requirements; therefore, DHCD reserves the right to deny funding based on this type of project structuring. If design-build is currently the only option a locality is considering, DHCD should be contacted early in the project development stage to provide advice on alternatives.

# Chapter 5 – CDBG-DR Grants Administration

## 5.1 Post-Award Process

Following the announcement of the award of a grant, DHCD will schedule a Contract Negotiation Meeting to discuss the terms of the grant offer. A locality generally has up to 120 days to complete required actions provided during the Contract Negotiation in order to complete all actions required to receive a contract from DHCD. Failure on the part of a locality to complete identified actions may result in revocation of a grant offer by DHCD. Further, prior to the award and release of any CDBG funds, a review of all open CDBG projects submitted by the locality will be conducted. In instances where DHCD has identified performance or project issues, CDBG-DR funds may be withheld until these deficiencies are corrected. Uncorrected deficiencies may lead to the rescission of the grant offer. Such actions typically include, but are not limited to, completion of Federal requirements, drafting and execution of other contracts and agreements, resolution of issues from previous contracts with DHCD, timely submission of one or more required audits; and completion of certain management planning activities.

Once a CDBG-DR contract is issued, the subrecipient has a set period for project completion. During that time, project monitoring occurs, and reports related to general progress, annual progress, and special topics are required by pre-determined deadlines.

For those localities that were not awarded a grant, DHCD staff is available upon request to conduct a debriefing session and offer feedback from the review process and provide project development technical assistance for subsequent applications.

### 5.11 Letters of Intent

For projects where it is apparent that, because of the timing of the availability of other funding sources or similar factors, project implementation will not commence promptly following an award of CDBG-DR funding, DHCD reserves the opportunity to offer such a project a Letter of Intent for CDBG-DR funding. Decisions to issue Letters of Intent will be made during the application review process. Applicants will receive notice of a Letter of Intent award at the same time other applicants receive notices of grant funding awards.

Letters of Intent issued will include an expiration date determined by DHCD. A locality receiving a Letter of Intent can receive a funding offer only after it executes formal agreements with all relevant outstanding funding sources, resolves any outstanding issues, and takes formal steps to begin project implementation, such as publication of an invitation to bid for a project involving construction activities.

Letters of Intent for which all outstanding issues have not been addressed by the determined expiration date may be voided, terminating all potential future funding obligations related to the original application submission.

### 5.12 Project Modifications

DHCD reserves the right to adjust requests for CDBG-DR assistance and the terms of this assistance to optimize the provision of benefits, ensure that activities and improvements are eligible for CDBG-DR assistance, and otherwise promote efficient utilization of available funding.

## 5.2 Financial Administration

### 5.2.1 Payment for Performance and Timesheets

All CDBG-DR Grant Agreements are performance-based contracts AND require that subrecipients' employees paid in whole or in part with CDBG-DR funds maintain accurate timesheets. The dated timesheets must show total hours worked, hours worked on the CDBG-DR project, the worker's signature and date signed, and the worker's supervisor's signature and date signed. Simultaneously, the Project Delivery Cost section of the Project Budget must include completion of tasks and achievement of milestones and outcomes. These payment thresholds are negotiated between DHCD and the subrecipient and will outline the respective tasks and how much DHCD will pay upon the completion of each task. Further, if a subrecipient is using any or all of the eligible CDBG-DR funds to reimburse for subrecipient staff time for the delivery of administrative or programmatic milestones, the subrecipient must adhere to the pay for performance budget and document staff time invested in milestone and project completion. Subrecipients may request project delivery cost reimbursements based on timesheets or agreed upon pay for performance thresholds. DHCD will generally provide reimbursement based on timesheets up to the identified pay for performance thresholds.

### 5.2.2 Contracts and Payments

DHCD will make prompt payments under current contracts pending confirmation that performance expectations are being met. DHCD reserves the option of canceling additional contracts due to non-performance on initial contracts. DHCD reserves the option of withholding payments for non-performance under any particular CDBG-DR project and for non-performance under any other DHCD programs.

## 5.3 Monitoring and Oversight

DHCD conducts regular monitoring of subrecipients to ensure compliance with the requirements set forth in Chapter 4 – Other Program Requirements.

### 5.3.1 Procedures to Detect Fraud, Waste, and Abuse of Funds

DHCD's procedures include multiple measures to detect and prevent fraud, waste, and abuse of funds. The following documentation maybe be reviewed during onsite or desk monitoring:

- Program files
- Beneficiary files
- Financial records and sources documentations
- Audits
- Subrecipient policies and procedures

DHCD staff, subrecipients, contractors, and beneficiaries will be provided educational materials online through the application process, DHCD website, and the process of contracting to build awareness about potential fraudulent activities. The federal and state Fraud Hotline phone numbers and email addresses will be located on the DHCD CDBG-DR website and in the program guidelines. Key staff are required to attend fraud prevention training as available.

### 5.32 Procedures to Determine Timely Expenditures

Applications for the DHCD-administered CDBG-DR funds are accepted and processed electronically through its Centralized Applications and Management System (CAMS). This allows for the transparent and efficient processing of applications and remittances.

DHCD utilizes established application evaluation procedures toward timely award announcements and executed contracts once subrecipients have met all precontract conditions.

Subrecipients' remittances are submitted through CAMS and routed through a streamlined review workflow. The DHCD policy is to process all remittances within 30 days of submission.

Reports on expenditures and expenditure rates at the subrecipient and program level are available to program management. Management reviews expenditures at least quarterly.

### 5.33 Procedures for Prevention of Duplication of Benefits

The Robert T. Stafford Disaster Relief and Emergency assistance Act (Stafford Act) requires that recipients of federal disaster recovery funding make certain that no "person, business concern or other entity" will receive duplicative assistance.

A duplication of benefits (DOB) occurs when:

- A beneficiary receives assistance, and
- The assistance is from multiple sources, and
- The assistance amount exceeds the need for a particular recovery purpose.

CDBG-DR assistance is intended to supplement, not replace, other public, private and nonprofit sector resources that have already been provided for the same need or loss. Subrecipients should ensure that each program provides assistance to a person or entity only to the extent that the person or entity has a disaster recovery need that has not been fully met by funds that have already been, or will be paid, from another source.

CDBG-DR subrecipients must develop procedures to complete a DOB analysis specific to each beneficiary of a CDBG-DR funded activity. These procedures must be incorporated in the design and administration of programs/projects undertaken by them.

The first step of the DOB determination (calculation) is to determine the amount of assistance needed and the amount of funds previously received, or to be received, for a disaster recovery activity. This is accomplished by first determining the applicant's post-storm disaster need prior to the receipt or potential receipt of other funds. Next, all other sources of recovery assistance received, or available to be received, must be disclosed during the application process and must be verified. Other sources of funds include, but are not limited to: private insurance, the Federal Emergency Management Agency, the Small Business Administration (SBA), the National Flood Insurance Program, local and state funds, other federal programs, and private and nonprofit organizations.

The next step is to identify assistance that is not available for the activity. This consists of: funds received that are not for the same purpose as the CDBG-DR activity(s); funds not available to the applicant, e.g. forced mortgage payoff, contractor fraud, etc.; funds from private loans not guaranteed by the SBA (forgivable loans are duplicative); and any other asset or line of credit available to the applicant, such as

checking and savings accounts, stocks, etc. These funds are not considered to be duplicative and may be excluded from being deducted as a duplication of benefit. Finally, after subtracting from the proposed activity cost the duplicate funds received or available to receive, calculate the maximum CDBG-DR award.

Once the maximum CDBG-DR award has been determined, applicants will be required to sign an agreement (either subrogation or Cooperative Endeavor Agreement) requiring them to return to DHCD any assistance received for the same purpose as the CDBG-DR funds. This agreement is to be monitored by DHCD program staff, subrecipients and subrecipients at least annually for three years. Unless an additional need is established, disaster recovery funds must be recaptured to the extent they are in excess of the need and duplicate other assistance received by the beneficiary for the same purpose.

#### *Unmet Needs*

Disaster recovery assistance needs are calculated at a point in time. As a result, subsequent circumstances may occur that affect the need. If, after the assistance has been calculated and/or a CDBG-DR award has been made, an applicant can demonstrate a change in circumstances the award calculation may be subsequently reevaluated to take the increased need into consideration. Such changes in circumstance include: vandalism, contractor fraud, an increase in the cost of materials and/labor, a change in local zoning law or building codes, or subsequent damage to a home or business that was partially repaired. However, the reevaluation must be done before the initial need for which assistance was granted has been fully met (e.g., before a damaged house is fully repaired).

#### *Monitoring for DOB*

The process for identifying and then monitoring for DOB begins with the review of each grant application, whether it is for a specific project or an individual beneficiary of CDBG-DR funds. An applicant must provide detailed information about other sources of funds that were received or that may be received related to the activity for which CDBG-DR funds are being requested. DHCD staff will review and verify the other funds to determine if they are for the same activity and exceed the need for recovery assistance. Once CDBG-DR funds are awarded, subrecipients are required to notify DHCD of the receipt of any additional funds received for the same activity.

Program staff review individual pay requests and project amendments to determine if other funds have been received that represent a DOB. In the event that additional funds are determined to be a DOB, funds will be withheld from future pay requests, and the approved project budget will be amended. In the event that all funds have been expended, and a DOB is identified, the subrecipient will be required to repay the funds to DHCD.

### **5.34 Monitoring**

Subrecipients without a prior DHCD relationship are monitored within 12 months of program agreement execution date. DHCD will provide technical assistance for any related compliance matter, provided that reasonable notice is given requesting assistance.

DHCD shall be notified as quickly as possible by the grant staff upon the resignation, termination, or retirement of any grant's liaison or other key grant program staff member to ensure that proper retention of information and continuous grants management occurs during the transition period.

DHCD shall immediately be notified upon receipt of a notice by a subrecipient's staff of a site or monitoring visit to be performed by the Federal Awarding agency (HUD). DHCD staff may assist in the preparation of the Federal Award Agency site visit, reviews, or audits.

Waste, fraud, abuse, misconduct, duplication of benefits, or any other serious deviation from acceptable grant practice when proposing, carrying out, or reporting activities or results that involve a grant is considered grant misconduct. Any form of grant misconduct or potential misconduct shall be reported to DHCD within twenty-four (24) hours. Upon contact, the DHCD staff will take a report and then work with the grant staff to ensure all proper investigation and notification procedures are followed.

Annual monitoring schedules will be made based on annual risk assessments of subrecipients.

## Appendix A – Application Attachments

*x – required*

*o – as applicable*

| #  | Attachment   | Description/Components  | Housing | Infrastructure | Economic Revitalization |
|----|--|---|---------|----------------|-------------------------|
| 1  | Declaration of Emergency                             | Presidential statement authorizing federal assistance for a major disaster.   | x       | x              | x                       |
| 2  | Documentation of Public Hearings                     | Advertisements, sign-in sheets, and minutes from the 2 required public hearings.  | x       | x              | x                       |
| 3  | Project Timeline                                     | A plausible timeline for completing the proposed activities, preferably relative to the contract execution date.                                    | x       | x              | x                       |
| 4  | Project Budget                                       | A detailed budget, cost derivation, other funding sources, and the status of their commitments.   | x       | x              | x                       |
| 5  | Evidence of Disaster Damage                          | Any available data on the extent and type of damage, images, media coverage, including sources for each.  | o       | o              | o                       |
| 6  | Project Management Plan                              | A document outlining how the proposed project will be executed, monitored, and controlled. Includes a plan for filling any vacancies as applicable. | x       | x              | x                       |
| 7  | Documentation of Readiness                           | Any applicable documentation demonstrating preparedness to begin implementing the project.  | o       | o              | o                       |
| 8  | LMI/LMA Benefit Documentation                        | Ex. Income surveys, LMA data or maps  | x       | x              | x                       |
| 9  | Housing Activity Summary*                            | A breakdown of the types of units proposed for improvements.  | x       |                |                         |
| 10 | Home Inspection Results                              | Ex. inspection reports, mitigation plans  | x       |                |                         |
| 11 | Participation Agreements/Affordability Documentation | Copies of participation agreements from homeowners/landlords to receive improvements through the proposed project                                   | o       |                |                         |
| 12 | Multifamily Rental-Specific Documents                | Ex. pro forma, staffing & operations plan, development  | o       |                |                         |
| 13 | Infrastructure Activity Summary*                     | Spreadsheet summarizing data for each of the households within the project area.  |         | x              |                         |
| 14 | PER/Engineer's Opinion of Probable Cost              | A copy of the Preliminary Engineering Report or an engineer's opinion of probable cost, dated within the past 12 months.                            |         | x              |                         |
| 15 | Community Recovery Plan                              | A copy of the local/regional plan for long-term recovery from Hurricane Helene  |         | o              | o                       |
| 17 | Facility-related documentation                       | Ex. proof of ownership/operation, staffing and operations plan, feasibility study, facility site plan, hazardous material testing results           |         |                |                         |

\*template provided