



# **SOUTHWEST VIRGINIA**

## **HOUSING RECOVERY PROGRAM GUIDELINES**

Community Development Block Grant – Disaster Recovery  
(CDBG-DR)



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## **Version History and Policy Updates**

Version history is tracked in the Version History Table (page 3), including a summary of changes and the publication date for each version. Substantive changes that reflect a policy change will result in the issuance of a new major version (e.g., Version 1.0 to Version 2.0). Non-substantive changes such as minor wording edits or clarifications that do not affect interpretation or applicability will be captured as minor version updates (e.g., Version 2.1, Version 2.2).

## **Effective Date for Policy Revisions**

Policy clarifications, additions, or deletions may be needed during the course of the program to define program requirements more precisely. Policy decisions will be documented and will result in the revision of the applicable document. Unless otherwise noted, policy revisions are applied prospectively and become effective on the date of document approval.

VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
CDBG-DR PROGRAM GUIDELINES

**SWVA HOUSING RECOVERY PROGRAM**

VERSION HISTORY

<b>VERSION NUMBER</b>	<b>DATE REVISED</b>	<b>DESCRIPTION OF REVISIONS</b>
<b>1.0</b>	<b>3/26/2026</b>	<b>Original Version</b>

# Contents

<b>Table of Figures</b> .....	<b>7</b>
<b>1 Executive Summary</b> .....	<b>8</b>
<b>2 Terms and Definitions</b> .....	<b>10</b>
<b>3 Introduction</b> .....	<b>15</b>
3.1 Background .....	15
3.2 Program Objectives.....	16
<b>4 Program Overview</b> .....	<b>16</b>
4.1 Eligible Areas.....	18
4.2 Eligible Subrecipients .....	19
4.3 Eligible Activities.....	19
<b>5 Funding Overview</b> .....	<b>20</b>
5.1 Mitigation Set-Aside.....	20
5.2 Funding Assistance – Maximum Awards .....	21
<b>6 Beneficiary Eligibility</b> .....	<b>23</b>
6.1 Eligible Applicants.....	23
6.2 Eligible Properties.....	23
6.3 Funding Requirements.....	24
<b>7 Housing Assistance Project Types</b> .....	<b>27</b>
7.1 Minor Repairs .....	27
7.2 Owner-Occupied Rehabilitation.....	28
7.3 Owner-Occupied Substantial Reconstruction .....	29
7.4 Replacement/New Construction.....	29
7.5 Rental Rehabilitation and Recovery Activities .....	30
7.6 Elevation, Floodproofing, Site Hardening, and Resilience .....	31
7.7 Unit Size .....	31
<b>8 Program Processes</b> .....	<b>32</b>
8.1 Outreach and Application.....	33
8.2 Intake and Case Management .....	33
8.3 Verification of Eligibility.....	34
8.4 Damage Assessment and Storm Tie-Back .....	36

8.5	Scope of Work.....	36
8.6	Award Calculation and Offer .....	37
8.7	Environmental Review Integration .....	37
8.8	Construction, Inspections, and Change Orders .....	38
8.9	Closeout and Long-Term Obligations .....	42
<b>9</b>	<b>Program Administration .....</b>	<b>45</b>
9.1	Marketing Plan .....	45
9.2	Reporting Requirements .....	45
9.3	Procurement Requirements .....	46
9.4	Site and Development Restrictions.....	46
9.5	Complaint and Appeal Process.....	47
9.6	Audit Requirements, Monitoring, and Records Retention .....	47
9.7	Changes, Waivers, and Conflicts .....	47
<b>10</b>	<b>Roles and Responsibilities .....</b>	<b>47</b>
10.1	Department of Housing and Community Development.....	47
10.2	Subrecipients .....	48
<b>11</b>	<b>Monitoring and Compliance.....</b>	<b>48</b>
11.1	Program Monitoring .....	48
11.2	Procurement.....	48
11.3	Minority and Women Owned Business Enterprises (M/WBE).....	49
11.4	Section 3 .....	49
11.5	Environmental Review .....	50
11.6	Uniform Relocation Act (URA) .....	51
11.7	Duplication of Benefits (DOB) .....	51
11.8	Records Retention .....	52
<b>12</b>	<b>General Provisions .....</b>	<b>53</b>
12.1	Program Guidelines Scope.....	53
12.2	Program Guidelines Amendments .....	53
12.3	Extension of Deadlines.....	53
12.4	Written Notifications .....	53
12.5	Conflict of Interest .....	53

12.6	Citizen Participation .....	54
12.7	Citizen Complaints.....	54
12.8	Cross-Cutting Guidelines.....	54
<b>13</b>	<b>Program Oversight .....</b>	<b>54</b>
<b>14</b>	<b>Appendices.....</b>	<b>55</b>
Appendix A –	Assistance Caps and Project Type Matrix.....	55
Appendix B –	Income Limits and LMI Methodology .....	57
Appendix C –	Application .....	60

## Table of Figures

Figure 1: Most Impacted and Distressed (MID) Localities .....	18
Figure 2: Program Process Overview .....	33
Figure 3: Program Applicant Onboarding .....	36
Figure 4: Project Startup and Closeout.....	45

# 1 Executive Summary

<b>SWVA Housing Recovery Program</b>	
<b>Program Allocation</b>	\$18,296,300 total housing allocation \$3,043,500 Mitigation set-aside
<b>Distribution Model</b>	Subrecipient delivery
<b>Eligible Beneficiaries</b>	<ul style="list-style-type: none"> <li>• Property owners whose primary residence was damaged by Tropical Storm Helene</li> <li>• Property owners of qualified rental units</li> </ul>
<b>Maximum Award</b>	Assistance is need-based and subject to activity-specific caps and DOB review.

**Agency Name:** Virginia Department of Housing and Community Development (**DHCD**)

**Program:** The Southwest Virginia Housing Recovery Program (**SWVA HRP**) under the Community Development Block Grant – Disaster Recovery (**CDBG-DR**) allocation, will address unmet housing needs in the Most Impacted and Distressed (**MID**) areas of the federally declared disaster: Tropical Storm Helene (FEMA-4831-DR-VA), under Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (**Stafford Act**), 42 U.S.C. § 5121.

**Announcement Type:** Program Guidelines for the Southwest Virginia Housing Recovery Program funded through the CDBG-DR Program from the United States Department of Housing and Urban Development (**HUD**) allocation under Public Law 118-158.

**Program Abstract:** Pursuant to the declared disaster, FEMA-4831-DR-VA, and subsequent allocation of CDBG-DR funds under the Stafford Act, DHCD announces these program guidelines for activities sanctioned by the SWVA HRP.

SWVA HRP provides housing assistance to eligible households to address unmet needs resulting from Tropical Storm Helene. The Program supports the repair, rehabilitation, reconstruction, and replacement of disaster-damaged homes in HUD- and DHCD-identified MID areas. The program is intended to restore safe, decent, and sanitary housing, prioritize low- and moderate-income households, and integrate mitigation measures to reduce future risk and increase long-term resilience.

**Participation:** SWVA HRP is a state-administered program. Eligible owners of primary or rental residences serving LMI households that incurred damage by Tropical Storm Helene may apply directly to DHCD Subrecipients for assistance.

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## 2 Terms and Definitions

For purposes of these Guidelines, the following definitions apply:

**Action Plan** – The required plan a grantee must develop to access CDBG-DR funds, describing the intended use of funds, eligibility criteria, how funds address long-term recovery and mitigation needs, and how funds will be directed to Most Impacted and Distressed (MID) areas.

**Applicant** – A household (or eligible entity in the rental pathway) applying for housing recovery assistance related to storm damage attributable to Tropical Storm Helene.

**Area Median Income (AMI)** – The median household income for a defined geographic area, as published by HUD annually and used to establish income limits (including LMI thresholds).

**Area of Special Flood Hazard/Special Flood Hazard Area (SFHA)** – The floodplain area within a community subject to a 1-percent or greater annual change of flood (100-year floodplain) as shown on FEMA Flood Insurance Rate Maps (FIRMs) or Flood Hazard Boundary Maps (FHBM)s.

**Award** – The amount of CDBG-DR assistance approved for an eligible applicant, based on verified need, allowable costs, program caps, and Duplication of Benefits (DOB) analysis.

**Beneficiary Period** – The period established by program policy during which the assisted homeowner must maintain the required program conditions (commonly, primary residency) to support the program's compliance objectives. This is typically implemented through a recorded covenant, promissory note, or agreement as a program control.

**Centralized Application and Management System (CAMS)** – The system or platform used by DHCD to track, manage, and/or document program administration and compliance activities, including required closeout submissions such as final audits, as applicable under Program procedures.

**CDBG-DR** – Community Development Block Grant – Disaster Recovery funds and applicable HUD Federal Register notices, waivers, and alternative requirements.

**Change Order** – A written modification to an approved scope of work and/or contract price that is necessary due to unforeseen site conditions, code requirements, or other documented reasons, and approved in accordance with program controls and applicable federal requirements.

**Citizen Participation/Public Comment Period** – The required public notice and comment process for Action Plans and substantial amendments, implemented through the alternative requirements and timelines established in the applicable AAN and the Universal Notice.

**Choice Limiting Action (CLA)** – Any activity taken prior to approval of the Request for Release of Funds (RROF) and certification that (1) commits HUD assistance to a specific activity or project, or (2) commits non-HUD funds or undertakes an activity/project in a manner that would have an adverse environmental impact or limit the choice of reasonable alternatives.

**Cost Reasonableness** – A determination that a cost does not exceed what would be incurred by a prudent person under the circumstances prevailing at the time the decision was made. Used for bids, contracts, change orders, and award sizing.

**Critical Action** – Any action for which even a slight chance of flooding would be too great because flooding could result in loss of life, injury, or major property damage.

**Damage Tie-Back** – Documentation and verification that the assistance needed and scope are attributable to Tropical Storm Helene.

**Demolition** – The removal of an existing structure, which may be part of reconstruction or replacement housing assistance, subject to environmental review and other applicable requirements.

**DHCD** – Virginia Department of Housing and Community Development, the CDBG-DR Grantee and state program administrator.

**Disaster Recovery Grant Reporting (DRGR)** – HUD's system of record for CDBG-DR grants used for project setup, activity reporting, performance reporting, and financial draws.

**Displaced Person/Displacement** – A person who moves from real property, or moves personal property from real property, as a direct result of acquisition, rehabilitation, or demolition for a federally assisted project, as defined under URA regulations.

**Duplication of Benefits (DOB)** – The statutory prohibition against providing federal disaster assistance that duplicates benefits available for the same purpose from another source (e.g., insurance, FEMA, SBA). Subrecipients must evaluate and reduce awards as needed to avoid duplicating benefits for the same loss.

**Eligible Activity** – An activity type that is allowable under CDBG-DR authorities as modified by the applicable AAN and Universal Notice and described in the action plan

**Eligible Cost** – A cost that is allowable, allocable, reasonable, and adequately documented under federal award requirements and program policy.

**Environmental Assessment (EA)** – A level of environmental review under HUD environmental procedures used when a project is not categorically excluded from NEPA review and requires analysis of potential impacts and alternatives.

**Environmental Review Record (ERR)** – The written record of the environmental review undertaken for each project, maintained by the Responsible Entity and available for public review.

**Household** – All persons occupying the assisted dwelling as their primary residence and included in the income determination under program policy.

**Housing Assistance Activities** – Program-defined housing activities such as minor repair, rehabilitation, reconstruction, and replacement/new construction, as described in the Action Plan and these Guidelines, and allowable under the applicable AAN/Universal Notice framework.

**Income (Household Income for Eligibility)** – The household's income as calculated under the program's adopted methodology, applied consistently, and compared to HUD-published income limits to determine LMI status.

**Low- to Moderate-Income (LMI) National Objective** – Activities that benefit households whose total annual gross income does not exceed 80% of AMI, adjusted for family size. Income eligibility will be determined and verified in accordance with HUD Guidance. The most current income limits, published annually by HUD, will be used to verify each household's income eligibility at the time assistance is provided.

**Very Low** – Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size.

**Low** – Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size.

**Moderate** – Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

**Major Disaster Declaration** – A Presidential declaration under the Stafford Act that makes certain federal disaster assistance available and is the basis for qualifying disasters addressed by CDBG-DR allocations.

**Mitigation (Embedded)** – Eligible resilience and hazard reduction measures included within the SWVA HRP scope and funded through the mitigation set-aside, not as a stand-alone mitigation program.

**Mobile/Manufactured Housing Unit (MHU)** – A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 square feet, is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning and

electrical systems contained therein and sometimes referred to as mobile homes. A MHU is built to the specifications required in the Manufactured Home Construction and Safety Standards Act of 1974, 42 U.S.C. 70 § 5401 et seq. MHUs display a red certification label on the exterior of each transportable section. Manufactured homes are built in a controlled manufacturing environment and transported in one or more sections for permanent installation.

**Modular Housing** – A home built in sections in a factory to meet Federal, state, or local building codes. Once assembled, the modular unit becomes permanently fixed to one site. The program will treat modular homes as traditional, site, or stick-built construction. Modular housing structures requiring replacement will be replaced with a modular housing structure.

**Most Impacted and Distressed (MID) Areas** – Washington County and Giles County have been designated as HUD-identified Most Impacted and Distressed (MID) areas for Tropical Storm Helene, as identified in HUD's Allocation Announcement Notice. Additional localities may be treated as DHCD-identified MID areas in accordance with the Approved Action Plan and the 80/20 expenditure requirement.

**National Objective** – HUD eligibility category satisfied by an activity. For housing, typically LMH (Low/Mod Housing) and, where approved, Urgent Need.

**NFIP** – National Flood Insurance Program.

**Planning District Commission (PDC)** – Regional entity that may implement SWVA HRP activities on behalf of a participating locality if approved by DHCD.

**Primary Residence** – The dwelling occupied by the applicant as the principal place of residence at the time of the disaster.

**Rehabilitation** – Repair and Restoration of an eligible housing unit to meet applicable codes and DHCD minimum property standards.

**Reconstruction (Substantial)** – Demolition and rebuilding of the existing unit or rebuilding to address damage and code requirements where rehabilitation is not feasible or cost-effective.

**Recapture / Repayment** – A program policy mechanism requiring repayment of some or all assistance when program conditions (e.g., primary residency during the beneficiary period) are not met.

**Replacement/New Construction** – Construction of a replacement housing unit when on-site reconstruction is not feasible or safe, including situations requiring relocation due to environmental or hazard constraints.

**Section 3** – A HUD requirement directing, to the greatest extent feasible, employment, training, and contracting opportunities generated by certain HUD financial assistance to low-and very low-income persons and eligible businesses, implemented under HUD’s section 3 regulations.

**Subrecipient** – An entity that receives a subaward from the grantee to carry out a portion of the CDBG-DR program and is responsible for compliance with applicable requirements and the subrecipient agreement.

**Substantial Amendment** – A significant change to the Action Plan (e.g., material change in program design, allocations, or eligibility) requiring public notice/comment and HUD review/approval under established requirements.

**Substantial Damage/Substantial Improvement** – Terms used in floodplain management and building enforcement to describe thresholds that may trigger elevation and code requirements; definitions are typically established by local floodplain ordinance and FEMA/NFIP guidance and applied as part of program compliance where applicable.

**Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)** – Federal requirements governing acquisition and relocation assistance for displaced persons when federal funds are used in a manner that affects URA applicability.

**Urgent Need** – A national objective category for activities addressing serious and immediate community needs where other financial resources are not available.

## 3 Introduction

These Guidelines (the “Guidelines”) govern the design and implementation of the CDBG-DR Housing Recovery Program (“Southwest Virginia Housing Recovery Program” or “SWVA HRP”) funded by the HUD under the CDBG-DR allocation for Tropical Storm Helene.

The Guidelines are intended to:

- Translate the Commonwealth’s approved Action Plan and Substantial Amendment into operational rules;
- Provide clear standards for applicant eligibility, property eligibility, eligible activities, and program processes;
- Ensure compliance with CDBG-DR statutory and regulatory requirements, HUD’s Universal Notice and allocation-specific notices, and applicable state and local requirements; and
- Support a transparent, fair, and consistent delivery of assistance across all participating localities.

These Guidelines are a living document and may be updated as necessary to reflect HUD guidance, Action Plan Amendments, and implementation experiences.

### 3.1 Background

On September 27, 2024, Tropical Storm Helene caused significant damage to homes, infrastructure, and local economies across Southwest Virginia, with particularly severe impacts in Washington County and Giles County and additional damage in surrounding localities within the disaster declaration area. HUD allocated CDBG-DR funding to the Commonwealth of Virginia to address unmet needs resulting from this event, including housing, infrastructure, economic revitalization, and planning. Through its Action Plan and subsequent Substantial Amendment, the Commonwealth established a CDBG-DR Housing Recovery Program, along with other eligible activities. The Housing Recovery Program is designed to restore safe, decent, and resilient housing; prioritize low- and moderate-income (**LMI**) households; and embed mitigation measures to reduce risk from future disasters.

#### 3.1.1 Disaster Tie-Back

All CDBG-DR-funded activities must address a direct or indirect impact of Tropical Storm Helene. A direct tie-back refers to a housing activity that addresses a specific, measurable impact caused by Tropical Storm Helene, such as repairing, rehabilitating, reconstructing, or replacing a primary residence that was physically damaged by the storm. Documentation may include inspection reports, photographs, FEMA determinations, insurance information, or other third-party verification confirming storm-related damage.

An indirect tie-back is a housing activity that addresses broader recovery needs. These impacts may not stem from damage to a single structure but instead reflect storm-related displacement, loss of habitable housing stock, or unsafe living conditions resulting from the event. In these cases, documentation must clearly demonstrate how the assistance responds to unmet housing needs attributable to Tropical Storm Helene and supports long-term recovery goals.

### **3.2 Program Objectives**

The Housing Recovery Program identifies five (5) objectives that guide all program policies and decisions:

- 1. Restore Housing**

Repair, rehabilitate, reconstruct, or replace disaster-damaged owner-occupied and eligible rental housing units to a safe, decent, sanitary, and resilient condition.

- 2. Prioritize LMI Households and Vulnerable Populations**

Ensure that at least 70 percent of program funds benefit LMI households, consistent with statutory requirements. The program will prioritize households below 60 percent of Area Median Income (**AMI**) and households with elderly residents, households with children, and households with disabilities or documented accessibility needs. Prioritization will be implemented through DHCD's CDBG-DR unmet need analysis, prioritization criteria, and the state's approved action plan.

- 3. Promote Resilient Recovery**

Integrate mitigation measures such as elevation, floodproofing, site hardening, and other resilience features into eligible housing activities, leveraging mitigation set-asides to supplement such activities within the Housing Program.

- 4. Ensure Compliance and Stewardship**

Administer CDBG-DR funds in a manner that is compliant, transparent, and auditable, with strong internal controls and clear documentation standards.

## **4 Program Overview**

The Housing Recovery Program is a CDBG-DR-funded initiative that provides housing assistance to areas most affected by Tropical Storm Helene. The Commonwealth of Virginia and DHCD have designed the program's administration to maximize its impact and availability to all eligible beneficiaries in the twenty-four (24) Most Impacted and Distressed localities of Southwest Virginia. With a budget of \$18,296,300 for housing assistance and \$3,043,500 reserved as a mitigation set-aside, the program will fund eligible reconstruction and renovation activities in identified counties and towns, with clear beneficiary eligibility criteria.

**Total Budget:** \$18,296,300 for housing assistance, with \$3,043,500 reserved as a mitigation set-aside that will be embedded within eligible housing activities, consistent with the approved action plan.

**Eligible Activities:** Housing rehabilitation, reconstruction, replacement/new construction (where allowable), acquisition in support of housing, related public services, mitigation measures, and associated delivery costs as permitted under the Housing and Community Development Act and HUD's Universal Notice.

**Eligible Geographic Areas:**

- HUD-identified MID areas: Washington County and Giles County
- DHCD-identified MID areas: Other localities within the Tropical Storm Helene disaster declaration area, as specified in the Action Plan, subject to the 80/20 MID expenditure requirement and program caps.

**Method of Administration:** DHCD will enter into agreements with Subrecipients, who will be responsible for administering the Program. Property owners seeking HRP assistance will apply directly to the Subrecipient organization serving their locality.

**Beneficiaries:**

- Owner-occupied households whose primary residence was damaged by Tropical Storm Helene;
- Eligible primary owners of small rental properties (typically 1-4 units) serving LMI tenants;
- Other eligible households as defined in these guidelines and the Action Plan.

**Type of beneficiary assistance:** HRP funding may be awarded to property owners in the form of forgivable loans or grants secured through a promissory note and deed of trust/mortgage (owner-occupied) and/or recorded deed restriction, covenant, or regulatory agreement (rental), as applicable. Repayment of funds is only required if the terms of the affordability agreement are not met.



## **4.2 Eligible Subrecipients**

DHCD will administer the Program through the provision of funds to Subrecipients identified through an application process. Eligible Subrecipients include Units of General Local Government, Planning District Commissions, and nonprofit organizations within the MID areas.

HUD MID localities may each designate an organization to serve as the Subrecipient; these organizations must demonstrate sufficient capacity to administer the Program. Subrecipients serving the DHCD MIDs will be accepted through a competitive application process, and may be UGLGs, nonprofit organizations, or PDCs.

Prospective Subrecipients from DHCD-MIDs must submit an application in the Consolidated Application Management System (CAMS) before the deadline. The application must include a proposed service area within the 24 MIDs. The combined service areas of all Subrecipients must cover the entirety of the DHCD- and HUD-identified MIDs. In order to ensure full coverage of these localities, DHCD reserves the right to increase or decrease any Subrecipient's geographic service area upon award.

Applications for Subrecipients serving DHCD MIDs are scored based on an assessment of organizational capacity to administer the Program. This evaluation may include an examination of an organization's:

- Historic performance on federal grants,
- Relevant experience administering similar programs,
- Current standing with DHCD,
- Financial policies and procedures,
- Annual audit status,
- Project Management Team skills and credentials, and
- Outreach plan for identifying Program beneficiaries.

Qualified applicants scoring above the minimum threshold will be awarded funding proportionate to their proposed service area, as determined by DHCD.

## **4.3 Eligible Activities**

Eligible activities may include, but are not limited to:

- Rehabilitation of storm-damaged residential structures;
- Substantial reconstruction or replacement of severely damaged or destroyed units;
- Limited new construction, where allowed, typically in the context of replacement housing or mitigation;
- Associated mitigation measures (elevation, floodproofing, site drainage, hardening);

- Removal of architectural barriers and accessibility improvement;
- Acquisition of property to support housing recovery, where consistent with the Action Plan and URA requirements;
- Temporary relocation costs where required by construction;
- Project delivery and soft costs necessary for eligibility, environmental review, and construction management.

#### 4.3.1 Ineligible activities may include:

- Luxury upgrades or improvements beyond what is necessary to meet code and Program standards;
- Additions that expand square footage solely for convenience or preference;
- Repair of pre-existing conditions not exacerbated by the storm, unless necessary to complete an otherwise eligible scope;
- Work started or completed before Program approval, except where allowed under HUD policy (if applicable).
- Costs otherwise covered by another funding source.

A more complete list of eligible activities by project type can be found in [Section 7](#).

## 5 Funding Overview

The Housing Recovery Program allocation of \$18,296,300 is divided to meet the 80/20 MID requirement and to balance rehabilitation, reconstruction, and minor repair activities.

Approximately \$14,637,040 (80 percent) is targeted to HUD-identified MID areas (Washington and Giles Counties) and \$3,659,260 (20 percent) to DHCD-identified MID areas. This allocation is subject to future revision by DHCD in a Substantial Amendment to the CDBG-DR Action Plan.

### 5.1 Mitigation Set-Aside

A mitigation set-aside of \$3,043,500 is reserved to support activities that reduce future disaster risk. This amount represents one-half of the total CDBG-DR mitigation set-aside, which was calculated as 15 percent of the Commonwealth's total unmet needs in accordance with HUD requirements and documented in the approved action plan. The housing share was determined based on the proportion of unmet housing needs relative to other recovery sectors. Mitigation funds are embedded within eligible rehabilitation and reconstruction activities and are not operated as a standalone program.

Use of mitigation funds is evaluated on a case-by-case basis and must be supported by documented risk factors and cost-effectiveness considerations. Eligible mitigation measures may include home elevation, foundation improvements, drainage enhancements, or other resilience actions that directly reduce future hazard risk. All mitigation activities must be included as part

of a housing recovery project, approved prior to construction, and documented in the project file for monitoring and audit purposes.

## **5.2 Funding Assistance – Maximum Awards**

Housing assistance caps (maximum awards) are designed to ensure that awards are necessary, reasonable, and consistent with the limited size of Virginia’s CDBG-DR allocation, while still providing enough funding to achieve safe, decent, and resilient housing outcomes.

### **5.2.1 Administrative Costs**

These are the indirect, fixed costs required to maintain daily business operations that are not directly tied to CDBG-DR Housing Recovery activities. While there is no maximum for administrative costs, they are limited to reimbursements for actual expenses incurred.

### **5.2.2 Standard Per-Unit Caps**

Unless otherwise specified in the Action Plan or subsequent policy guidance, the following housing per-unit caps apply before any mitigation set-aside is added:

- **Minor Repairs:** Up to \$25,000 per eligible unit for limited repair scopes such as mold remediation, roof replacement or repair, windows and doors, mechanical/electrical/plumbing repairs, or other targeted work that stabilizes the home and addresses health, safety, or weather-proofing needs.
- **Rehabilitation:** Up to \$125,000 per eligible unit for comprehensive repair and rehabilitation of storm-damaged structures that remain structurally feasible.
- **Substantial Reconstruction or Replacement/New Construction:** Up to \$150,000 per eligible unit where rehabilitation is not feasible or cost-effective, and the home must be reconstructed or replaced.

These caps apply to the core housing scope (labor, materials, related soft costs) and do not include the value of eligible mitigation work funded from the mitigation set-aside. Any unit constructed pre-1978 receiving HRP investment more than \$25,000 must comply with lead testing requirements.

### **5.2.3 Mitigation Set-Aside Caps (In Addition to Housing Caps)**

The program includes a separate mitigation set-aside that may be used in addition to the caps above for eligible mitigation scopes such as elevation, foundation work, floodproofing, drainage, or other resilience measures.

- Each assisted unit may receive additional mitigation funding from set-aside, subject to program-defined mitigation limits and the overall mitigation set-aside budget (e.g., elevation costs that exceed the standard housing cap).

- Mitigation funding must be tied to a qualifying housing activity, be required by floodplain or building code, or clearly justified as a cost-effective measure to reduce future risk.
- Mitigation awards will be documented as a separate line item on the scope of work and cost estimate, so that housing costs and mitigation costs can be tracked and monitored separately.

Mitigation funds do not count against the \$25,000 / \$125,000 / \$150,000 housing caps but are still subject to reasonableness and cost-effectiveness review and to the overall mitigation budget.

#### **5.2.4 Project-Level Maximums and Exceptions**

Per-unit housing caps are maximums, not entitlements. The actual award for each unit will be based on:

- Verified damage and storm tie-back;
- Feasible and necessary scope of work;
- Cost-reasonableness and duplication-of-benefits (DOB) determinations;
- Required mitigation and resilience measures; and
- The selected assistance type (minor repair, rehabilitation, or reconstruction/replacement).

An exceptions process may allow limited increases where:

- A life-safety or code issue cannot be resolved within the standard cap, and reducing scope would leave the unit unsafe or non-compliant; or
- Required mitigation measures (for example, elevation to meet floodplain standards) can only be completed if the combined housing + mitigation caps are increased for that project.

Exceptions must be requested and approved in writing, with justification and supporting documentation retained in the project file.

#### **5.2.5 Program-Level Caps**

The approved Action Plan and Allocation Announcement Notice fix the total amount of Housing Program funds. DHCD and its Subrecipients will track aggregate commitments and expenditures to ensure that:

- Per-unit housing caps and mitigation caps are applied consistently; and
- The program does not exceed the total housing allocation and the separate mitigation set-aside reserved for eligible mitigation scopes.

## 6 Beneficiary Eligibility

Eligibility rules define who may receive assistance, which properties may be assisted, and what types of work may be funded. These requirements provide a framework for consistent, defensible decisions across all participating localities and delivery models.

### 6.1 Eligible Applicants

At a minimum, property owners seeking HRP assistance must:

- Be an owner-occupant of the assisted primary residence at the time of the storm;  
or
- Be an eligible landlord of a rental property;
- Demonstrate that the unit sustained qualifying damage from Tropical Storm Helene;
- Complete the application and provide the required documentation
- Meet income requirements where applicable (LMI thresholds, prioritization criteria);
- Resolve or agree to address title, tax, or ownership issues as required by Program policies.

Special cases (e.g., heirs' property, trusts, deceased owners) will be addressed in accordance with Program policy and HUD guidance.

### 6.2 Eligible Properties

Eligible properties generally include:

- Owner-occupied 1–4-unit dwellings used as the primary residence at the time of Helene;
- Eligible rental properties, as defined by Program policy, where LMI occupancy and affordability requirements can be imposed;
- Manufactured housing units on owned land or eligible leased pads as permitted by Program rules.

Properties must:

- Be located within eligible geographic areas;<sup>1</sup>
- Have sustained eligible disaster-related damage;
- Meet environmental and site restrictions or be able to meet them with mitigation activities.

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<sup>1</sup> See Section 6.1 for more information on eligible areas.

In addition, the following requirements apply:

#### **6.2.1 Property Tax Paid to Date**

Applicants must submit proof that property taxes on the storm-damaged property are paid in full or that the property taxes are subject to a payment plan in good standing.

#### **6.2.2 Mortgage Paid to Date**

Any mortgage on properties must be in good standing, with no arrearages. Applicants must submit proof of a mortgage in good standing at the time of application. Applicants who have previously fallen into arrears on a mortgage may be eligible if the applicant can demonstrate that the mortgage is currently in good standing or that a payment plan has been agreed to by the lender and the payment plan is in good standing.

### **6.3 Funding Requirements**

#### **6.3.1 National Objective**

All housing activities must meet one of the two National Objectives required under the authorizing statute of the CDBG-DR Program:

- LMI – Benefit to Low- to Moderate- Income persons:
  - LMH – Low/Mod Housing: Activities that provide or improve housing that, upon completion, will be occupied by an income-qualified LMI household (at or below 80% AMI). LMH eligibility is documented through the Program’s income determination and occupancy verification for each assisted unit.
- UN – Urgent Need: Activities that address conditions posing a serious and immediate threat to the health or welfare of the community, where other financial resources are not available to meet the need. The Subrecipient will document the Urgent Need justification in accordance with HUD requirements and maintain supporting records in the project file and the DRGR activity documentation.

The Housing Recovery Program is designed so that, in the aggregate, a minimum of 70 percent of Housing Program funds benefit LMI households. Any remaining activities may qualify under the Urgent Need national objective only where applicable and when supported by complete documentation consistent with HUD requirements.

#### **6.3.2 Non-Duplication of Benefits**

Federal law prohibits duplication of benefits for the same purpose and loss. Subrecipients must ensure CDBG-DR assistance does not pay for costs already covered by FEMA, SBA, insurance, nonprofits, or other sources.

Applicants must disclose all disaster-related assistance received or reasonably anticipated. Subrecipients will verify awards and insurance proceeds through documentation requests and, where available, third-party verification.

Subrecipients will determine the total eligible need for the eligible scope and reduce the award to account for duplicative assistance for the same purpose, after considering allowable uses and verifiable eligible costs already incurred.

Applicants will sign required certifications and agreements acknowledging that post-award assistance for the same purpose may require recapture or repayment consistent with program policy.

### **6.3.3 Proof of Storm-Related Damage**

Applicants must provide documentation establishing that the housing unit sustained damage attributable to Tropical Storm Helene and that the requested scope of work addresses a disaster-related impact.

A standardized "damage tie-back" framework will be used to ensure:

- Consistent verification across all eligible jurisdictions
- Clear linkage between the disaster event and the eligible scope
- Audit-ready file documentation supporting each award and scope decision

Acceptable documentation may include (as applicable):

- Program Inspection Reports (including inspections conducted by authorized inspectors)
- FEMA determinations and inspection summaries
- Insurance Claims and adjuster reports
- Photographs, local assessment records, and contractor evaluations (as validated through the Subrecipient's review process)
- Other reliable third-party documentation approved through established program procedures.

Procedures will be maintained to resolve conflicting documentation and to address cases where households lack certain records, while preserving verification integrity and audit readiness.

### **6.3.4 Environmental Review**

All SWVA HRP activities are subject to applicable environmental review requirements. The required level of environmental review must be completed before any choice-limiting action occurs and before CDBG-DR funds are committed to a site-specific project.

#### **General Requirement**

Environmental compliance must be documented in the project file (and in the Environmental Review Record, as applicable) to demonstrate that clearance was obtained before construction, demolition, acquisition, or other site-specific actions commence.

### **Choice-Limiting Actions Prohibited Prior to Clearance**

Once an applicant submits an application for assistance for a specific property (or otherwise requests that a Subrecipient evaluate a specific address/project for CDBG-DR assistance), no choice-limiting actions may be taken until the environmental review is completed and the required clearance/authorization is documented. **Choice-limiting actions include, but are not limited to:**

- Executing construction contracts or issuing notice to proceed
- Beginning demolition, rehabilitation, reconstruction, site work, or construction
- Acquiring real property for the project or otherwise committing the project to a specific site alternative
- Obligating or expending funds (HUD or non-HUD) for site-specific "hard cost" activities that would limit alternatives or prejudice the outcome of the environmental review.

These restrictions apply to Subrecipients, the applicant, and any partners/contractors working on the project, and remain in effect until environmental clearance is completed and documented.

### **Program Implementation Approach**

To support efficient delivery of a high-volume housing pipeline, program-level review tools (including tier approaches, standardized templates, and checklists) may be used, provided that site-specific clearance is obtained for each assisted address prior to construction activities.

### **Floodplain/Wetlands and Other Triggering Conditions**

Properties located in flood-prone areas, wetlands, or other environmentally sensitive locations may require additional steps, public notices (where applicable), and/or scope conditions. When triggered, necessary conditions and mitigation measures must be incorporated into the approved scope of work and construction standards.

### **Records, Monitoring, Retention**

Environmental documentation must be retained and made available for monitoring and audit. Subrecipients must follow the Program's environmental procedures, forms, and documentation standards.

### 6.3.5 Cost-Effectiveness Verification

Cost-effectiveness controls will be used to ensure the selected assistance pathway (rehabilitation, reconstruction, replacement, or new construction where allowed) is necessary, reasonable, and aligned with program objectives.

Cost-effectiveness verification will include:

- A standardized scope and estimating methodology (work write-ups and cost estimates using program-approved formats).
- A documented feasibility determination for each unit (for example: rehab feasible, rehab not feasible, reconstruction required).
- A consistent method to compare rehabilitation vs reconstruction when both could be possible, including defined thresholds or decision rules.
- Consideration of long-term durability and resilience, including the costs and benefits of embedded mitigation measures.
- Application of maximum award limits and an exceptions process where justified and permitted.
- Documentation requirements to support the determination in the project file (inspection findings, estimates, rationale, approvals).

DHCD review and QA/QC protocols will be maintained to ensure cost-effectiveness determinations are applied consistently across approved Subrecipients.

## 7 Housing Assistance Project Types

The program delivers multiple types of housing assistance to ensure recovery resources match the severity of storm damage, the structure type, and the household's needs.

Activity types are established under Section 105(a) of the Housing and Community Development Act of 1974 (24 CFR § 570.201-570.206; FR-6489-N-01 § IV.C.1-2)

### 7.1 Minor Repairs

Minor repairs and repair assistance are intended for homes that can be stabilized, made safe, and weather-tight through limited repairs rather than full rehabilitation.

Activities may include:

- Mold remediation and removal
- Roof repair or replacement
- Replacement or repair of windows and doors
- Repair or replacement of mechanical, electrical, or plumbing systems
- Other targeted work that addresses health, safety, or weatherproofing and does not require full rehabilitation

These activities are generally eligible for housing rehabilitation under Section 105(a)(4) of the Housing Community Development Act of 1974, as amended, and related provisions for energy efficiency and weatherization improvements.

### **Key Standards**

- Total housing assistance for minor repairs is limited to the minor repair cap in Section V.B.
- Minor repair scopes will not correct all pre-existing deficiencies. Work will focus on storm-related damage and the minimum additional work needed for safety, habitability, and to protect the completed work.
- Mitigation work funded from the mitigation set-aside may be added as a separate line item when clearly justified and approved.

Minor repair is appropriate when the structure is otherwise sound and a limited scope can reasonably allow the household to continue occupying the home.

## **7.2 Owner-Occupied Rehabilitation**

Rehabilitation assistance is designed for homes that remain structurally sound but require substantial repairs to restore safe, sanitary, and code-compliant living conditions.

### **Activities may include:**

- Complete interior and exterior repairs to correct storm-related damage;
- Replacement of damaged systems (HVAC, electrical, plumbing, roofing, structural components);
- Removal of environmental hazards such as lead-based paint or asbestos;
- Accessibility improvements required by Section 504 or Fair Housing Standards (24 CFR part 8 (Section 504); 24 CFR § 100.205 (Fair Housing Act Design and construction)).

### **Key Standards**

- All rehabilitation must bring the unit into compliance with applicable building codes and DHCD Minimum Property Standards.
- Costs must remain within the per-unit rehabilitation cap (see [Section 5.2](#)).
- When rehabilitation is not technically feasible or exceeds 80 percent of replacement cost, the project will convert to reconstruction.

### **7.3 Owner-Occupied Substantial Reconstruction**

Substantial Reconstruction assistance applies when the cost to repair exceeds the cost-effectiveness threshold i.e. when the home is substantially damaged (typically >50 percent of pre-disaster value).

#### **7.3.1 Standards**

Substantial Reconstruction involves demolition of the existing structure and rebuilding on the same site or on a nearby safe site if relocation is required by floodplain or environmental regulations constraints (24 CFR § 58.22; FR-6489-N-01 § IV.C.3).

Substantially Reconstructed units must:

- Meet current local building codes, energy-efficiency standards adopted by DHCD for this Program, and DHCD Housing Rehabilitation Standards (HRS);
- Maintain equivalent size and function relative to household needs;
- Include required elevation or floodproofing in SFHAs and DHCD resilience standards;

When replacement is required on a new site, Uniform Relocation Act (URA) and Section 104(d) requirements apply (49 CFR Part 24; FR-6489-N-0, Section III.B.15)

### **7.4 Replacement/New Construction**

Replacement housing is permitted only in limited cases where an otherwise eligible reconstruction project cannot be completed on the existing site due to documented, non-resolvable constraints. Replacement is not a general alternative to reconstruction. It may be approved only when the Subrecipient, in consultation with DHCD, determines that on-site reconstruction is infeasible due to environmental conditions, floodplain requirements, site safety constraints, or other documented restrictions that prevent a compliant, cost-effective build on the original parcel. This activity may be conducted on owner-occupied or rental units which meet the eligibility criteria.

#### **7.4.1 Eligible Replacement Circumstances**

Replacement/new construction may be approved when all the following conditions are met and documented:

- The household and unit otherwise qualify for reconstruction based on verified storm-related damage, feasibility, and cost-effectiveness determinations.
- The existing site is determined to be infeasible for compliant reconstruction due to documented constraints that cannot be mitigated within program requirements and caps, such as floodplain or environmental conditions, unsafe site conditions, or restrictions identified through environmental review.

- The replacement site is within an eligible geographic area and can be cleared through the environmental review process prior to any commitment of funds or construction activity.

#### **7.4.2 Replacement Standards**

Replacement units must meet all applicable building codes and DHCD [HRS](#) and must be sized and designed to meet household needs without over-housing or unnecessary cost. Replacement units must also incorporate any required resilience or mitigation measures consistent with the program's embedded mitigation approach where risk factors are present, and mitigation is cost-effective and justified.

#### **7.4.3 Cost Limits and Award Structure**

Replacement costs are subject to the Program's reconstruction/replacement cap and any application mitigation cap structure. Any exception must follow the program's written exceptions process, be supported by documentation demonstrating necessity and allowability, and be approved by DHCD. (2 CFR § 200.403; 2 CFR § 200.404)

#### **7.4.4 Acquisition and Relocation Considerations**

If replacement requires the acquisition of a new site or results in displacement or relocation impacts, applicable relocation and acquisitions requirements will be followed.

#### **7.4.5 Required File Documentation**

Replacement files must include, at a minimum:

- The reconstruction eligibility determination and infeasibility memorandum for the original site
- Environmental review documentation for both the original site and the replacement site clearance (as applicable)
- The approved replacement scope, estimate, and award calculation (including DOB reductions)
- Documentation of any acquisition or relocation compliance steps if triggered
- Inspection, payment, and closeout documentation with Section VIII controls

### **7.5 Rental Rehabilitation and Recovery Activities**

Rental rehabilitation assistance supports the restoration of small rental properties serving LMI tenants, consistent with Program design and the Action plan.

At a minimum:

- Units must have documented disaster-related damage and a feasible scope of work
- Owners must execute an agreement covering affordability requirements, tenant eligibility/verification, and compliance monitoring.

- Subrecipients must define and apply a documented method to ensure rents are affordable to the intended LMI population, consistent with the chosen national objective and the Action Plan (e.g., use of a HUD-approved rent framework, where adopted). (Program design must follow AAN/Universal Notice requirements and the approved action plan; recordkeeping and monitoring requirements apply.)

## **7.6 Elevation, Floodproofing, Site Hardening, and Resilience**

Mitigation and resilience measures may be integrated into eligible housing activities to reduce future risk, consistent with the Action Plan’s mitigation approach and budget.

Eligible mitigation/resilience measures may include:

- Elevation of structures where required by floodplain management standards
- Floodproofing measures appropriate to structure type and site conditions
- Site drainage and grading improvements to address recurring flood impacts
- Resilient materials and building methods consistent with program standards

### **7.6.1 Elevation standards**

Elevation standards will be applied consistently with HUD floodplain management requirements, the applicable Federal Flood Risk Management Standards (FFRMS) in effect at the time of review, and DHCD-adopted program policy.

## **7.7 Unit Size**

For rehabilitation, reconstruction, replacement, and any approved replacement new construction, unit size must be reasonable, cost-effective, and tied to household needs and the pre-disaster housing configuration. The Program intends to restore safe, decent housing without creating a unit that is larger than the household needs, or paying for unnecessary expansions to address storm-related damage, code compliance, or documented accessibility needs. (2 CFR § 200.403; 2 CFR § 200.404)

### **7.7.1 Baseline Standards**

The Program will generally restore the unit to a size and bedroom count that is comparable to the pre-storm residence, as supported by documentation in the file. Comparable does not require an identical layout, but it does require that the assisted outcome remain consistent with the household’s needs and the Program’s cost-reasonableness expectations. (2 CFR § 200.404)

### **7.7.2 Bedroom Count and Household Need**

Bedroom count and sleeping areas must be appropriate for the household size and composition and must comply with applicable local code requirements. The program will

avoid adding bedrooms or expanding living space unless the change is necessary and supported by documentation, such as:

- Code compliance or health and safety requirements that affect layout or room sizing.
- Accessibility needs that require additional space for mobility, bathing, or safe egress.
- A documented household composition need where the pre-storm configuration was functionally deficient, lawful occupancy under applicable codes or standards used by DHCD for the program.

#### **7.7.3 Additions and Expansions**

Additions that increase square footage are generally ineligible unless the Subrecipient determines the added area is required to achieve code compliance, address documented accessibility needs, or resolve an unavoidable functional deficiency that prevents safe occupancy. Proposed expansions that are only upgrades or lifecycle improvements are not eligible and must be excluded from the scope. (2 CFR § 200.403; 2 CFR § 200.404)

#### **7.7.4 Replacement Housing and Site Constraints**

When replacement housing is approved because reconstruction on the original site is infeasible, the replacement unit will be constructed using an approved standard floor plan. Floor plan selection will be based on household size, accessibility needs, and cost-effectiveness. (2 CFR § 200.404; 24 CFR § 58.22)

#### **7.7.5 Manufactured Housing and Modular Housing**

For manufactured housing units and modular housing, replacement should be like-for-like in function, reasonable in size, and consistent with household needs and program standards. Any deviation from comparable size must be justified, documented in the file, and approved through program review. (2 CFR § 200.404)

#### **7.7.6 Rental Units**

Unit size and bedroom counts must remain consistent with the existing lawful configuration unless changes are required for code compliance or to address health and safety or accessibility issues. (2 CFR § 200.403; 2 CFR § 200.404)

## **8 Program Processes**

The Program moves each applicant through a series of consistent steps, from initial outreach and application through inspections, award calculations, construction, and closeout. Process standards are intended to make the applicant's path predictable, support clear communication, and produce complete, audit-ready project files. Additional details regarding program implementation are available in the [CDBG-DR Implementation Manual](#).



Figure 22: Program Process Overview

## 8.1 Outreach and Application

Subrecipients will implement an outreach plan that:

- Notifies potentially eligible households in all affected localities;
- Provides multiple application channels (online, in-person events, mail, local partner offices);
- Includes targeted outreach to hard-to-reach populations and low-capacity households

Application periods, deadlines, and any priority windows will be published in outreach materials.

Eligible households must submit a complete application to initiate review for assistance. Applications will be used to collect essential information needed to determine program eligibility, including household composition, income, property ownership, occupancy status, and storm-related damage. Submission of an application does not guarantee assistance but allows a Subrecipient and DHCD to conduct the required verification, duplication-of-benefits review, and damage assessment in accordance with Program policies and HUD requirements. **Only one application per household is permitted for a primary owner-occupied residence.** A sample application is included in Appendix D for reference.

## 8.2 Intake and Case Management

Each applicant will be assigned a case manager by the Subrecipient, who will:

- Serve as the primary point of contact;
- Assist with application completion and document collection;
- Coordinate inspections, environmental review, and other Program steps;
- Explain program decisions and next steps;
- Provide referrals to other services as appropriate

## **8.2.1 Timeliness of Application Status**

Subrecipients will maintain clear, timely communication with applicants so they understand where they are in the process and what is needed to move forward.

### **8.2.1.1 Status Tracking and Milestones**

Each application will be tracked through standard milestones, which may include:

- Application Received/Intake Complete
- Documentation Pending
- Eligibility and income review in progress/complete
- Duplication of benefits review in progress/complete
- Environmental review in progress/cleared
- Scope of work and cost estimate complete
- Construction contract executed/notice to proceed issued
- Construction in progress
- Final Inspection Complete
- Project Closed

### **8.2.1.2 Applicant Communication**

Applicants will be informed of significant status changes and any outstanding items needed to advance their file. Communication may occur by mail, email, phone, online portal, or in-person appointment, with reasonable accommodation provided as needed.

### **8.2.1.3 Internal Timeliness Standards**

Subrecipients will establish internal timeframes for key steps (for example, time from complete application to eligibility determination, or time from environmental clearance to notice to proceed) and will monitor performance against these standards to identify bottlenecks and improve delivery.

### **8.2.1.4 File Documentation**

Key status updates, notices, and determinations will be documented by the Subrecipient and maintained in the case file to provide a clear record of processing history for monitoring and audit purposes.

## **8.3 Verification of Eligibility**

Subrecipients will confirm basic eligibility by verifying household income (for LMI qualification and prioritization), ownership of the damaged property, and primary residency as of September 27, 2024. All documentation pertaining to beneficiary eligibility must be provided to DHCD for final approval prior to any commitment of funds.

### 8.3.1 Income Determination and LMI Prioritization

Income will be determined using HUD-approved methodologies (for example, projected annual income) and HUD income limits applicable at the time of determination.

- Most owner-occupied assistance is expected to qualify under the Low/Mod Housing (LMH) national objective, based on income determination and occupancy verification for each assisted unit.
- Subrecipients will maintain clear documentation of income determination, household size, and AMI level.
- Prioritization will favor households below 60% AMI and other vulnerable populations as outlined in Section 5.2.2.

### 8.3.2 Ownership Requirements

Applicants must demonstrate that they were the rightful owner of the property at the time of the qualifying event on September 27, 2024, and must remain the owner of the damaged property for the terms of this program. Proof of ownership will be established with the following documents:

- Deed;
- Mortgage statement;
- Probated will;
- Court order or judgment granting ownership of property;
- Other documents may be considered on a case-by-case basis.

### 8.3.3 Residency Requirements

Primary Residence Applicants must provide documentation that establishes that they occupied the damaged property as their primary residence on the date of the qualifying event of September 27, 2024. The program defines 'primary residence' as the home where an applicant lives most of the year and considers their permanent address. Second homes are not eligible.

Applicants may use the following documents to satisfy the primary residence requirements:

- FEMA IA award letter indicating the damaged property address subject to damage caused by Tropical Storm Helene.
- SBA Disaster Home Loan award letter for the damaged property address subject to damage caused by Tropical Storm Helene.
- Driver's license or state ID card indicating the damaged property address and issued prior to the date of the event.
- Utility bills
- Credit card bill or bank statement

- Pay stubs, employment documents, tax returns.
- Other documents as deemed necessary and appropriate to establish primary residence.

### 8.3.4 Current Property Taxes and Mortgage

Subrecipients must verify documentation provided by applicants that demonstrates up-to-date payment of the mortgage and property taxes on the property proposed for improvement.

## 8.4 Damage Assessment and Storm Tie-Back

Qualified inspectors will conduct on-site assessments to:

- Document storm-related damage;
- Distinguish between disaster-related and pre-existing conditions; and
- Identify health, safety, and code issues
- Provide information needed to determine whether rehabilitation or reconstruction is appropriate

All assessments will be documented with standardized forms and photographs. In the event a damage assessment cannot demonstrate storm damage, such as when the damaged structure is demolished at the time of inspection, the applicant is required to submit documentation demonstrating that the property sustained damage as a result of the storm.



Figure 3: Program Applicant Onboarding

## 8.5 Scope of Work

The Subrecipient will develop a written scope of work for each assisted unit based on verified storm damage, required code/health-and-safety corrections necessary to complete an eligible project, and any required mitigation or environmental conditions.

### **8.5.1 Estimating**

Cost estimates will use program-approved formats, cost databases, and reasonableness checks.

Estimates must clearly separate:

- Base housing scope costs
- Mitigation set-aside scope costs (if any)
- Eligible soft costs (as applicable)

### **8.5.2 Pathway Decision and Feasibility**

The Subrecipient will document whether the project is a minor repair, rehabilitation, reconstruction, replacement, or other eligible type based on feasibility and cost-effectiveness determinations.

## **8.6 Award Calculation and Offer**

### **8.6.1 Award Determination**

Award amounts reflect eligible scope costs minus any duplication of benefits, subject to per-unit caps and any approved exception.

### **8.6.2 Offer Package**

Applicants receive a written offer that includes:

- The approved assistance type and summary scope,
- The capped award amount and any DOB reduction,
- Required participation responsibilities (access, insurance compliance where applicable, certifications), and
- Appeal rights and instructions.

### **8.6.3 Grant Agreement Execution**

Applicants must execute required beneficiary agreements, acknowledgements, and any subrogation or recapture provisions prior to receiving a notice to proceed.

## **8.7 Environmental Review Integration**

Environmental review requirements are integrated into program processes to ensure that no choice-limiting actions occur prior to clearance, that floodplain and other environmental conditions are appropriately addressed, and that required mitigation measures are incorporated into the approved scope of work. Environmental compliance is governed by Section VI.4 of these Guidelines and applicable HUD regulations, and documentation must be retained in the project file.

## **8.8 Construction, Inspections, and Change Orders**

Construction activities funded with CDBG-DR assistance must be administered with sufficient controls and documentation to demonstrate (1) compliance with applicable federal requirements, waivers, and alternative requirements (including the Universal Notice, as incorporated by the applicable Allocation Announcement Notice), and (2) allowability and support for all costs charged to the award.

### **8.8.1 Notice to Proceed and Pre-Construction Requirements**

A Notice to Proceed is issued only after key pre-construction requirements are completed and documented in the project file. These requirements are intended to prevent premature commitments, confirm that the approved scope is ready for construction, and ensure that payments can be supported through inspection and file documentation.

#### **Environmental Clearance**

Construction may not begin, and no binding commitment to perform construction may be made, until the applicable environmental review process is complete and the project is cleared. HUD regulations prohibit undertaking or committing to choice-limiting action prior to environmental clearance (including activities such as rehabilitation/repair, demolition, new construction, site preparation/ground disturbance, or entering into binding contracts not conditioned on completion of environmental review).

#### **Executing Assistance Documents**

Before construction proceeds, the required assistance documents must be executed, including certifications, the assistance agreement, and any required security/affordability instruments, where applicable.

#### **Approved Scope and Budget**

The file must contain a final approved scope of work and an estimate or pricing basis sufficient to support cost reasonableness and later payment approvals. Internal controls over award expenditures must be maintained, and costs must be adequately documented to be allowable.

#### **Procurement and Contractor Readiness**

Where contractors, vendors, and/or construction management support are procured using federal funds (directly or through subrecipients), procurement must follow applicable procurement standards, including competition requirements, required contract provisions, and (when applicable) cost/price analysis requirements for contract modifications.

## **Pre-Construction Meeting**

A pre-construction meeting may be used to confirm the scope, schedule, inspection milestones, documentation expectations, site access, participant responsibilities, and the change order process. Notes from the meeting should be retained in the file.

### **8.8.2 Construction Standards and Cross-Cutting Requirements**

Construction standards and cross-cutting requirements apply to all housing program construction activities, regardless of project type or delivery model. These standards are intended to ensure assisted units are safe, sanitary, code-compliant, resilient where required, and fully supported by documentation sufficient for monitoring and audit. These standards work in tandem with the Program's pre-construction controls, inspection and payment controls, and change order procedures. (2 CFR § 200.303; 2 CFR § 200.403; 2 CFR § 200.404)

#### **Minimum Property Standards and Code Compliance**

All assisted construction must meet applicable state and local building codes and DHCD HRS as adopted for the SWVA HRP. Where codes and HRS differ, the more protective standard applies unless DHCD issues written direction for a specific circumstance. Units must be delivered to a safe, decent, sanitary condition consistent with program objectives to restore housing and promote resilience recovery.

#### **Work Write-Up and Scope Control**

All construction must be performed strictly in accordance with the Subrecipient-approved scope of work and the pricing basis used to establish the award. Any deviation from the approved scope must follow the Program's change order process prior to performing the work. (2 CFR § 200.318(b); 2 CFR § 200.403)

#### **Required Construction Contract Provisions and Labor Standards**

When program funds are used for construction contracts procured by DHCD or subrecipients, contracts must include all applicable federal and state clauses required by the funding and the procurement method used. Contract administration must include oversight sufficient to ensure contractor performance, permissible costs, and compliance with applicable requirements. (2 CFR § 200.318(b); 2 CFR §§ 200.318-200.327)

#### **Lead-Based Paint and Other Health and Safety Requirements**

Any unit constructed pre-1978 receiving HRP investment more than \$25,000 must comply with lead testing requirements. For units where lead-based paint requirements apply, the Subrecipient will implement appropriate evaluation and control measures and retain required documentation in the file. Where other hazards are identified (such as

mold or water intrusion), the scope must address storm-related conditions and minimum additional measures needed to protect the completed work and support habitability, consistent with the minor repair and rehabilitation standards described in Section IX (Recordkeeping and internal control standards at 2 CFR § 200.303 and 24 CFR § 570.506).

DHCD's Lead Hazard Reduction (LHR) program makes grants available for lead testing and abatement in units occupied by a household at or below 80 percent AMI with either:

- A child under 6 years old residing at home
- A child under 6 years old visiting the home frequently (defined as three hours a day on two separate days a week and a total of 60 hours per year)
- A pregnant woman residing at home

Questions regarding the LHR program may be directed to:

Susan Hill, LHR Program Manager

[susan.hill@dhcd.virginia.gov](mailto:susan.hill@dhcd.virginia.gov)

(804) 840-9228

### **Energy Efficiency and Resilience Integration**

The Subrecipient will integrate reasonable energy efficiency and resilience measures into rehabilitation, reconstruction, and replacement scopes when required by code, environmental and floodplain conditions, or when clearly justified as cost-effective mitigation consistent with the Program's embedded mitigation approach and set-aside budget. Mitigation measures must be clearly separated from base housing costs in the estimate and tracked separately to support reporting and monitoring. (2 CFR § 200.404; Program Mitigation approach and caps framework).

### **Site Conditions, Floodplain Requirements, and Environmental Conditions**

Where environmental review or floodplain conditions impose requirements on design, materials, elevation, or sequencing, those conditions must be incorporated into the approved scope and verified through inspections prior to final acceptance. No choice-limiting actions may occur prior to environmental clearance, and construction must remain consistent with the cleared scope. (24 CFR § 58.22)

### **Quality Assurance and Workmanship**

DHCD will maintain QA and supervisory review practices to confirm scope compliance, completeness of documentation, and consistent application of standards across the state-administered program and any subrecipients. Deficiencies identified through

inspections or monitoring must be corrected prior to closeout, and corrective action documentation must be retained in the file. (2 CFR § 200.30; 24 CFR 570.506)

### **8.8.3 Inspections, Payment Controls, and Documentation**

Inspection and payment controls are internal controls designed to ensure quality, eligibility, and allowability of costs.

#### **Inspection milestones (minimum):**

- Initial inspection/damage inspection
- Interim inspection (progress) at defined construction stages
- Final inspection to confirm completion, code compliance (as applicable), and punch-list closeout
- Re-inspections as needed

#### **Payment controls**

- Progress payments are authorized only after inspection verifies completion of the invoiced work and the required documentation is received. (2 CFR part 200 internal controls and payment management standards).
- Each payment request submitted by the Subrecipient to DHCD must include inspection sign-off, photo documentation (as required by program policy), and invoice/bid support sufficient to demonstrate cost reasonableness.

#### **Documentation Standards**

- Inspection reports, photos, payment approvals, and change order documentation must be retained in the project file and made available for monitoring/audit.

### **8.8.4 Change Orders**

Change Orders are permitted only for legitimate scope drivers, such as hidden/latent conditions, code compliance issues, or environmental/mitigation requirements discovered after notice to proceed.

All change orders must:

- Be submitted in writing with clear justification and supporting documentation
- Be reviewed for allowability and cost reasonableness, and approved before work proceeds
- Be reflected in a revised scope and cost estimate and retained in the project file

(2 CFR Part 200 allowability/cost reasonableness and procurement/contract administration standards; plus applicable AAN/Universal Notice Requirements).

### **8.8.5 Stop Work and Corrective Actions**

DHCD or its designee may issue a stop-work directive when credible evidence of noncompliance is present, including work outside the approved scope, unsafe practices, labor/environmental noncompliance, or suspected fraud/waste/abuse.

Corrective actions must be documented, time-bound, and retained in the project file. Remedies for noncompliance may include suspension of payments, disallowance of costs, or termination of the agreement, as permitted by federal award requirements. (2 CFR Part 200 remedies for noncompliance).

## **8.9 Closeout and Long-Term Obligations**

Closeout confirms that assisted work is complete, compliant, and fully documented, and it establishes the long-term requirements that apply after assistance is provided. Closeout requirements apply to all assistance types and delivery models and must be satisfied before final payment and file closure.

### **8.9.1 Closeout Requirements**

Closeout is completed when all of the following have been satisfied and documented in the project file:

#### **Final Inspection and Completion Documents**

- A final inspection confirms the scope of work has been completed in accordance with approved plans, applicable codes, and required construction standards.
- Any punch-list items are corrected and re-verified prior to final acceptance.
- Final photos and inspection forms are retained in the file.

#### **Applicable Compliance Closeouts**

- Environmental review documentation is complete and reflects the final scope delivered (including any changes).
- Lead-based paint requirements are satisfied where applicable, and documentation is retained.
- Any required permits, certificates of occupancy (if applicable), and approvals are obtained and included in the file.
- Relocation requirements (temporary or permanent), if applicable, are resolved and documented.

#### **Financial Reconciliation**

- All payments are supported by approved inspections and compliant documentation.

- Final costs are reconciled against the approved award, caps, and any approved exceptions.
- Any undisbursed amounts are de-obligated in accordance with Program procedures.
- Final DOB confirmation steps are completed (including any required certifications).

#### **Participant Closeout Package**

- The participant receives a plain-language closeout summary that includes the completed assistance type, any ongoing applications, and who to contact with post-closeout questions.
- Warranty or workmanship information (if applicable) is provided to the participant.

#### **File Completeness and Record Retention**

- The file contains all required eligibility, income, property, damage tie-back, scope/estimate, DOB, environmental, procurement (as applicable), construction, inspection, and closeout documents.
- Files are retained in accordance with applicable federal and state record retention requirements and Program policy.

### **8.9.2 Beneficiary Period (Owner Occupancy and Rental Affordability)**

Assistance provided under SWVA HRP includes long-term requirements to ensure the assisted unit continues to meet the Program's intended benefit. These requirements, referred to as the beneficiary period, are enforced through Program-approved compliance instruments. For owner-occupied units, the requirement is continued primary residency. For rental units, the requirement is continued affordability and compliance for the required duration. Compliance instruments may include a promissory note and deed of trust/mortgage (owner-occupied) and/or recorded deed restriction, covenant, or regulatory agreement (Rental), as applicable.

#### **Owner-Occupied Units**

Owner-occupied units are subject to a standard beneficiary period of five (5) years. This requirement applies to all owner-occupied awards. During the five-year period, the assisted unit must be maintained as the homeowner's primary residence. If the homeowner does not maintain the assisted unit as a primary residence for the full five-year period, funds must be repaid in a prorated amount based on the portion of the term (to the month) that remains unsatisfied.

#### **Rental Units**

Investor-owned housing assisted with CDBG-DR funds must be rented at affordable rents. Rent levels shall not be increased between the CDBG-DR application submission date and the CDBG-DR award announcement date. Investor-owners may not (without approval) increase rents beyond actual direct cost increases, such as taxes and insurance, for the term of the loan. Any rent increases must be approved by the subrecipient. In these cases, the subrecipient will assume responsibility for the necessary long-term compliance and monitoring procedures.

CDBG-DR Investment (per unit)	Required Beneficiary Period
<b>Up to \$50,000</b>	5 years
<b>\$50,001-\$100,000</b>	10 years
<b>\$100,001-\$150,000</b>	15 years

Table 1: Rental Beneficiary Period

### Monitoring and Compliance Verification

Beneficiary-period compliance will be verified by DHCD through a documented monitoring process and recorded in the project file. Subrecipients will receive written notification of upcoming monitoring activities by DHCD at least 30 days prior to the commencement of these activities. For owner-occupied units, monitoring may include periodic occupancy verification, owner certifications, and other reasonable methods used to confirm primary residency. For rental units, monitoring will consist of ongoing affordability and compliance reviews, including rent reasonableness and affordability, tenant eligibility/occupancy, and required documentation, consistent with the recorded affordability instrument and applicable policies.

### Repayment/Recapture and Reuse of Funds

If beneficiary period requirements are not met, DHCD will pursue repayment/recapture in accordance with the executed assistance documents and program policy. Any recaptured funds must be tracked, reported, and used for another CDBG-eligible activity in accordance with applicable requirements.

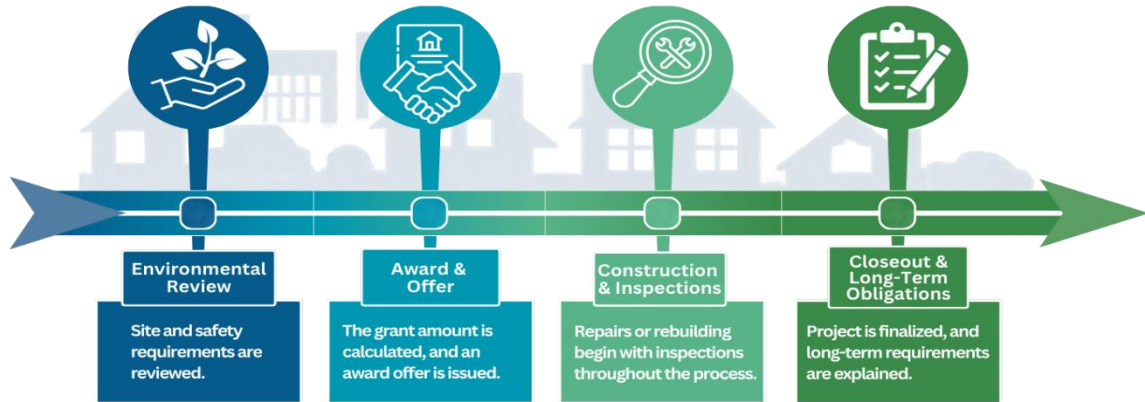


Figure 4: Project Startup and Closeout

## 9 Program Administration

### 9.1 Marketing Plan

Subrecipients will conduct outreach, intake, and application activities in a manner consistent with the Americans with Disabilities Act and other applicable civil rights laws. Subrecipients will provide reasonable accommodation for persons with disabilities when requested, including holding meetings in accessible buildings, providing a sign language or language interpreter, and providing auxiliary aids for individuals with visual or hearing impairments, so that applicants can participate fully throughout the process.

All outreach and marketing materials will be offered in English and in other languages prevalent in the service area as appropriate, in accordance with Title VI of the Civil Rights Act of 1964 and related fair housing and civil rights requirements, including effective communication requirements under the ADA at 24 CFR 8.6. The Housing Recovery Program will include the Fair Housing logo and other required civil rights statements on marketing and outreach materials.

### 9.2 Reporting Requirements

Subrecipients will maintain financial and performance reporting consistent with HUD requirements for CDBG-DR grants and with the approved Action Plan and amendments.

DHCD will use HUD's Disaster Recovery Grant Reporting system (DRGR) to set up activities, record performance, and draw funds. Required elements such as units assisted, national objective, expenditures, and performance outcomes will be entered and maintained in accordance with HUD guidance. Quarterly Performance Reports will be submitted to HUD and made available to the public, including posting on the appropriate state website.

DHCD will track key indicators, based on information provided by Subrecipients, such as:

- Number of applications, eligible households, and assisted units

- Type of assistance provided, including minor repairs, rehabilitation, and reconstruction or replacement
- Expenditures by activity, geography, and national objectives
- LMI benefit, MID expenditure, and use of mitigation funds
- Beneficiary characteristics reported in DRGR/QPR, as applicable (e.g., tenure/owner vs. renter, and race/ethnicity; female-headed households where required).
- For program management and oversight, DHCD will also track application outcomes (including denials and common denial reasons) to support quality control, monitoring, and appeals.

Subrecipients will be required to submit regular reports in formats and on schedules established by DHCD. These reports will provide the data needed to support statewide reporting, financial management, monitoring, and audit.

### **9.3 Procurement Requirements**

- All procurement must follow applicable federal and state requirements (including 2 CFR 200 where applicable, and any state procurement rules and DHCD policy)
- Procurement files must document the method, competition, cost/price analysis, contract type, and required clauses.
- Where DHCD uses centralized procurement (for example, statewide contractor pools, inspection vendors, case management vendors, environmental consultants), DHCD will establish uniform scopes, performance standards, and QA expectations.
- Subrecipients must either use DHCD-approved procurement vehicles or demonstrate compliant procurement for services they procure independently.
- Conflicts of interest in procurement must be identified and mitigated prior to award or contract execution.

### **9.4 Site and Development Restrictions**

- SWVA HRP-assisted properties must comply with applicable HUD and program siting restrictions, including restrictions related to flood hazard areas, coastal barriers, hazardous operations, and environmental constraints.
- Where a restriction is triggered, the project file must document the determination, the required conditions, and the mitigation measures incorporated into the scope.
- New construction or replacement housing, where allowed, must meet program siting standards, environmental clearance requirements, and any location restrictions established in the Action Plan and DHCD policy.
- Projects may be deemed infeasible if environmental conditions or siting constraints cannot be resolved within caps, schedule constraints, or other program limitations.

## **9.5 Complaint and Appeal Process**

- Subrecipients will maintain a standardized process for receiving, tracking, and resolving complaints and appeals.
- Applicants must be informed of the right to appeal specific determinations (for example, eligibility award amount, scope decisions, DOB determinations), along with submission instructions and deadlines.
- Appeal decisions must be documented and retained in the file, with a clear rationale and supporting evidence.
- Once an applicant has completed the process for filing a complaint or appeal with the Subrecipient, the matter may be escalated to the Commonwealth via [cdbg-dr@dhcd.virginia.gov](mailto:cdbg-dr@dhcd.virginia.gov)

## **9.6 Audit Requirements, Monitoring, and Records Retention**

- Subrecipients' project files must be complete, consistent, and audit-ready.
- DHCD will monitor subrecipients and vendors for compliance with eligibility, environmental review, procurement, construction, DOB, and financial management requirements.
- Records retention will follow applicable federal and state requirements and must include all source documentation used to support determinations.

## **9.7 Changes, Waivers, and Conflicts**

- Where HUD guidance changes, DHCD policy changes, or conflicts arise between program documents, DHCD will issue clarifications and policy updates and will document which version applies.
- Any required waivers or alternative requirements must be supported by HUD authority and incorporated into DHCD program policy before being implemented.
- Subrecipients must implement necessary policy updates on the effective date established by DHCD.

# **10 Roles and Responsibilities**

## **10.1 Department of Housing and Community Development**

Virginia's DHCD is responsible for the overall administration and oversight of the Housing Recovery Program. The Department leads program design and implementation and ensures alignment with HUD requirements and the approved Action Plan. Responsibilities include managing Subrecipient activities in CAMS, final approval of eligibility, environmental review coordination, award approvals, and financial management. Technical assistance is provided to subrecipients, capacity assessments are administered for prospective subrecipients, and

program performance is monitored to support the timely delivery of assistance and regulatory compliance.

## **10.2 Subrecipients**

Counties, independent cities, PDCs, and nonprofit organizations serving the identified MIDs may enter into subrecipient agreements to administer the Housing Recovery Program.

Responsibilities are defined in executed subrecipient agreements and may include applicant intake, case management, eligibility verification, inspections, construction oversight, and compliance monitoring.

Subrecipients are responsible for ensuring compliance with the Program's policies and DHCD's performance standards. Subrecipients must submit all application-related documentation in CAMS for final review and approval by DHCD before issuing funds, executing related agreements, or beginning work on the unit proposed for assistance.

All other program-related documents must be retained and made available to DHCD and HUD upon request, within 24 hours of notification. All subrecipient-administered activities remain subject to state oversight and monitoring to ensure compliance with federal and state requirements.

# **11 Monitoring and Compliance**

## **11.1 Program Monitoring**

Oversight of housing recovery activities is led by DHCD. Monitoring activities are conducted to ensure all program operations align with HUD requirements, the approved Action Plan, and established policies and procedures. Reviews may include desk reviews, on-site visits, file sampling, and performance assessments.

Monitoring results may identify:

- Subrecipient performance complied with the requirements of the Program;
- Certain findings require corrective actions by the subrecipient;
- Concerns about the performance of the projects or activities;
- Observations about efficiencies or items of note; or
- Technical assistance is necessary.

## **11.2 Procurement**

The Uniform Guidance procurement requirements (2 C.F.R. Part 200, Subpart D) apply to CDBG-DR-funded projects. These policies and procedures ensure that Federal dollars are spent fairly and encourage open competition at the best price and level of service. All parties involved in the procurement process must adhere to these requirements.

Standards for procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services are outlined in [Procurement Manual]. DHCD and its subrecipients must follow these standards to ensure goods and services are procured efficiently, at a fair price, and in compliance with all applicable Federal and State laws and executive orders.

### **11.3 Minority and Women Owned Business Enterprises (M/WBE)**

24 C.F.R. § 85.36(e) requires that a grantee and subgrantee of Federal funds take all necessary affirmative steps to assure that minority firms and women's business enterprises and labor surplus area firms are used when possible; and establishes the minimum HUD standards regarding each participating jurisdiction's outreach effort to minority business enterprises (MBE) and women-owned business enterprises (WBE); (together M/WBE).

2 C.F.R. § 200.321 requires the non-Federal entity to take necessary steps to ensure that all recipients, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with CDBG-DR financial assistance ensure that, when possible, contracts and other economic opportunities are directed to small and minority firms, women-owned business enterprises, and labor surplus area firms.

Compliance is ensured by requiring, as applicable, subrecipients, program partners, and contractors to make best efforts to achieve an overall M/WBE participation goal of twenty percent (20%) of the entire contract value, consisting of ten percent (10%) for MBE and ten percent (10%) for WBE, or applicable local threshold requirements.

If, after making good-faith efforts, a subrecipient is unable to meet its M/WBE goals, it may submit a request for an M/WBE Waiver for its overall goal. The request must set forth the reasons for the inability to meet any or all of the participation requirements, together with an explanation of the good-faith efforts undertaken.

### **11.4 Section 3**

Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, 12 U.S.C. §1701u, requires that recipients, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part by CDBG-DR funding, to the greatest extent feasible, extend hiring opportunities and contracts to Section 3 eligible residents and businesses. Section 3 eligible residents are low- and very-low-income persons, particularly those who live in public or government-assisted housing or who meet HUD-identified income limits. For each project, there is a goal for thirty percent (30%) of new hires to be individuals who qualify as a Section 3 individual.

Businesses can qualify as Section 3 in any one of three (3) ways: (a) If your business is owned in equal to or in excess of fifty-one percent (51%) by someone who is a Section 3 Individual; or (b) if thirty percent (30%) of your staff meets the definition of a Section 3 individual; or (c) if your

business has a firm commitment to provide twenty-five percent (25%) of the total dollar amount of subcontracts to a Section 3 business.

For entities that receive more than \$200,000.00 in CDBG-DR assistance and contractors awarded covered contracts exceeding \$100,000.00, an approved Section 3 plan must be in place before the project is awarded and approved. For professional services contracts, there is a three percent (3%) goal, while for construction contracts, there is a ten percent (10%) goal. The plan for compliance with Section 3 must be submitted for approval prior to the start of construction or professional services on any contract activity. See 24 C.F.R. § Part 135.

HUD has developed a business registry for businesses that have identified themselves as Section 3 businesses to facilitate best-efforts engagement. All documentation for Section 3 efforts should be provided to DHCD and include metrics indicating new hiring or subcontracting efforts.

## **11.5 Environmental Review**

Every project undertaken with Federal funds, and all activities associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (**NEPA**), as well as to the HUD environmental review regulations at 24 C.F.R. § 50 or 24 C.F.R. § 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.

For grantees that are not units of generalized local governments (UGLGs), such as PDCs or non-profit entities, and are not able to assume legal responsibility, 24 C.F.R. § 50 will need to be followed. Grantees that are UGLGs will follow 24 C.F.R § 58.

Laws and regulations that contain environmental provisions with which HRP activities must be in compliance include, but are not limited to:

- Protection of Historic Properties (36 C.F.R. § 800)
- Floodplain Management and Protection of Wetlands (24 C.F.R. § 55, Executive Order 11988 and Executive Order 11990)
- Sections 307 (c) and (d) of the Coastal Zone Management Act of 1972 (**CZMA**), as amended, (16 U.S.C. § 1456)
- Sole Source Aquifers (40 C.F.R. § 149)
- Interagency Cooperation - Endangered Species Act of 1973, as amended (50 C.F.R. § 402)
- Section 7 (b)(c) of the Wild and Scenic Rivers Act of 1968 (WSRA), as amended, (16 U.S.C. § 1278 - Restrictions on Water Resources Projects)
- Air quality provisions as found in Sections 176 (c) and (d) of the Clean Air Act, as amended, (42 U.S.C. § 7506) and in Title 40 of the Code of Federal Regulations (40 C.F.R. Parts 6, 51, and 93)

- Farmland Protection Policy Act (**FPPA**) (7 U.S.C. § 4201 *et seq.*, implementing regulations 7 C.F.R. Part 658, of the Agriculture and Food Act of 1981, as amended)
- Environmental Criteria and Standards:
  - Noise Abatement and Control (24 C.F.R. §§ 51.100 - 51.106)
  - Siting of HUD-Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature (24 C.F.R. §§ 51.200 - 51.208)
  - Siting of HUD Assisted Projects in Runway Clear Zones at Civil Airports and Clear Zones and Accident Potential Zones at Military Airfields (24 C.F.R. § 51 §§ 51.300 - 51.305)
- Toxic/Hazardous Materials (24 C.F.R. § 58.5(i)(2)(i))
- Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (Executive Order 12898 signed in 1994)

To conduct the appropriate level of environmental review, the Program will need to determine the project's environmental classification. The term "project" may be defined as an activity or group of activities geographically, functionally, or integrally related, regardless of funding source, to be undertaken by the Program in whole or in part to accomplish a specific objective.

### **11.5.1 Exempt Activities**

These activities are, by their nature, highly unlikely to have any direct impact on the environment. Accordingly, these activities are not subject to most procedural requirements for environmental review. If a project is determined to be exempt, the Subrecipient must document in writing that the project meets the conditions for exemption set forth in 24 C.F.R. § 58.34. In addition to making the written determination of exemption, the Subrecipient must also determine whether any of the requirements of 24 C.F.R. § 58.6 are applicable and address them as appropriate.

### **11.6 Uniform Relocation Act (URA)**

As a HUD-funded program, and in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 42 U.S.C. § 4601 *et seq.*, and section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), all programs in the DHCD CDBG-DR portfolio, including the Housing Recovery Program, are subject to provisions of URA, except where HUD has provided waivers or alternative requirements.

### **11.7 Duplication of Benefits (DOB)**

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. §5121 *et seq.*, prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which they have received financial assistance under

any other program, from private insurance, charitable assistance, or any other source. As such, DHCD must consider disaster recovery aid received by Program Participants from any other federal, state, local, or other source and determine if any assistance is duplicative. Any assistance determined to be duplicative must be deducted from the Subrecipient's calculation of the Participant's total need prior to awarding assistance.

When possible, DHCD will electronically verify disaster recovery assistance received through federally and locally maintained datasets, such as FEMA IA and SBA disaster loan datasets.

In accordance with Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836, the duplication of benefits guidance issued in Federal Register Vol. 76, No. 221 (November 16, 2011), 76 FR 71060, shall remain as the duplication of benefits guidance in effect for the LRP Program until an approved substantial amendment to the DHCD CDBG-DR Action Plan authorizes implementation of duplication of benefits guidance included in 84 FR 28836.

## **11.8 Records Retention**

Accurate recordkeeping will be essential to the successful management of CDBG-DR-funded activities. The standard recordkeeping requirements for this CDBG-DR Program are incorporated into nearly every aspect of implementation. It is necessary to document compliance with a variety of applicable laws, regulations, and requirements, including, but not limited to, providing funds for eligible activities, meeting a national objective, demonstrating financial management, and demonstrating compliance with the environmental review process.

The State is required to keep records for CDBG-DR programs and/or document compliance by its funded entities, including subrecipients, contractors, and local governments. The entities administering funds at the subrecipient level are responsible for retaining records pertaining to their programs. The following records will be maintained for this program:

- General Administrative Recordkeeping;
- Financial Recordkeeping; and
- Project/Activity Recordkeeping.

Representatives of HUD, the Inspector General, and DHCD shall have access to all property necessary for the administration, receipt, and use of CDBG-DR funds, and for facilitating reviews and audits. The Subrecipient must also provide citizens with reasonable access to records regarding the past use of CDBG-DR funds consistent with State or local requirements concerning the privacy of personal records (24 CFR 570.490 - Recordkeeping requirements).

## 12 General Provisions

### 12.1 Program Guidelines Scope

This document sets forth the policy governing the Program. These program guidelines are intended to provide guidance on program activities during program implementation. All Program activities must comply with Program policies. In addition, all staff must adhere to established Program procedures and all applicable federal and state laws and regulations in the execution of program activities.

### 12.2 Program Guidelines Amendments

DHCD reserves the right to modify the policies established in these guidelines. If an amended version of these guidelines is approved, it fully supersedes all previous versions and should be used as the basis for evaluating all situations encountered in the implementation and/or continuation of the Program from the date of its issuance. Each version of the program guidelines includes a detailed version control log that outlines any substantive amendments, inclusions, and/or changes.

### 12.3 Extension of Deadlines

DHCD may extend deadlines on a case-by-case basis upon Subrecipient request. DHCD may decline to extend a deadline if such an extension would jeopardize the Program's completion schedule or the schedule of an individual project.

### 12.4 Written Notifications

All determinations made DHCD or its Subrecipients will be provided to program participants in writing by mail or e-mail. If a participant believes that any determination was made without being documented, the entity may request that the decision be documented in writing and duly substantiated.

### 12.5 Conflict of Interest

An organizational conflict of interest occurs because of activities or relationships with other persons, including a person who is unable or potentially unable to render impartial assistance, or advise the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

Conflicts of interest in the award and/or administration of contracts must be avoided. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to

employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.” (2 CFR 200.318 (c) (1)23.

Other federal regulations with which the subrecipient must comply are the conflict-of-interest requirements in 24 CFR 570.61124.

## **12.6 Citizen Participation**

Throughout the duration of the grant, all citizen comments on DHCD’s published Action Plan, any substantial amendments to the Action Plan, performance reports, and/or other issues related to the general administration of CDBG-DR funds, including all programs funded by this grant, are welcome. The Citizen Participation Plan is documented within the State’s CDBG-DR Action Plan at: <https://www.dhcd.virginia.gov/cdbg-dr>.

## **12.7 Citizen Complaints**

As part of addressing Virginia’s long-term recovery needs, citizen complaints on any issues related to the general administration of CDBG-DR funds are welcome throughout the duration of the grant. It is DHCD’s responsibility, as grantee, to ensure that all complaints are dealt with promptly and consistently and, at a minimum, to provide a timely, substantive written response to every written complaint within fifteen (15) calendar days, where practicable, as a CDBG grant recipient. See 24 C.F.R. § 570.486(a)(7).

## **12.8 Cross-Cutting Guidelines**

Some federal and local requirements apply to all CDBG-DR-funded programs. These Cross-Cutting Guidelines cover topics such as financial management, environmental review, labor standards, acquisition, relocation, and fair housing, among others. The requirements described in the Cross-Cutting Guidelines apply to all programs described in DHCD’s CDBG-DR Action Plan and its amendments. For more information, please refer to the cross-cutting guidelines found in the [CDBG-DR Implementation Manual](#).

## **13 Program Oversight**

Nothing contained within these guidelines is intended to limit the role of DHCD, HUD, and/or corresponding authorities from exercising oversight and monitoring activities of the Program.

## 14 Appendices

### Appendix A – Assistance Caps and Project Type Matrix

Table 2 – Standard Housing Caps

Project Type	Standard Cap (per unit)	General Purpose
<b>Minor Repairs</b>	\$25,000	Limited repairs to stabilize, weather-tighten, and address health and safety needs.
<b>Owner-Occupied Rehabilitation</b>	\$125,000	Substantial repairs for storm-damaged but structurally feasible units
<b>Reconstruction or Replacement/New Construction</b>	\$150,000	Rebuild when rehabilitation is not feasible or cost-effective.
<b>Rental Rehabilitation (1-4 unit properties, LMI tenancy required)</b>	Cap undetermined	Repairs/rehab to restore storm-damaged rental units serving income-qualified tenants, with affordability and compliance instruments.

Table 3 – Project Type Matrix

Decision Factor	Minor Repair	Rehabilitation	Reconstruction	Replacement/New Construction
<b>Storm-related damage verified</b>	Required	Required	Required	Required
<b>Structure is feasible with a limited scope</b>	Yes	Possibly	No	No
<b>Structure is feasible with a comprehensive scope</b>	No	Yes	Possibly	Possibly
<b>Cost-effectiveness threshold exceeded</b>	No	Possible trigger for reconstruction	Yes	Not Applicable
<b>On-site build feasible (enviro/site restrictions)</b>	Yes	Yes	Yes	No (replacement only when infeasible)

<b>Environmental clearance is required prior to construction</b>	Yes	Yes	Yes	Yes (including replacement site)
<b>Mitigation is eligible from the set-aside when justified</b>	Yes	Yes	Yes	Yes

This matrix must be applied to documented inspection findings, scope and estimate documentation, environmental review determinations, and supervisory review, all consistent with Program controls. (2 CFR § 200.303; Program process and environmental integration requirements; 24 CFR § 58.22)

## **Appendix B – Income Limits and LMI Methodology**

Income eligibility is verified to confirm that assistance primarily benefits low- and moderate-income (LMI) households and supports the Program’s LMH national objective. The Program uses HUD-published income limits and a consistent methodology to calculate annual household income, document household size, and retain clear support in each file for monitoring and audit purposes (24 CFR § 570.208(a)(3); 24 CFR § 570.506)

### **LMI National Objective and Documentation Standard**

SWVA HRP housing assistance is expected to primarily qualify under the Low/Mod Housing (LMH) national objective by documenting that the assisted unit, upon completion, will be occupied by an income-qualified household at or below 80 percent of AMI.

For each assisted unit, Subrecipients will retain:

- Income calculation worksheets
- Source documentation for all household income
- Household size verification
- Executed occupancy certifications

Documentation must be sufficient to support monitoring, audit, and HUD review.

### **Income Limits Used**

Subrecipients will use the most current HUD-published income limits in effect at the time of income determination for the applicable county and household size. Income limits are published annually by HUD and updated by DHCD when new limits become effective.

Subrecipients will document:

- The effective date of the income limits used
- The applicable county limits
- The household size applied

### **Income Calculation Methodology**

Household income will be calculated using a HUD-approved methodology adopted by the Program, applied consistently across all applicants. Income includes anticipated gross income from all adult household members, including but not limited to:

- Wages and Salaries
- Self-employment income
- Social Security
- Disability Payments

- Pensions
- Unemployment Benefits
- Child Support and Alimony
- Other regular sources of income

The Subrecipient will:

- Project income forward for a 12-month period
- Verify income using third-party documentation whenever possible
- Use applicant certifications only when third-party verification is unavailable
- Apply consistent treatment of irregular income

### **Household Size Determination**

Household size will include all persons who will occupy the assisted unit as their primary residence. Household composition will be documented through:

- Application certifications
- Identification documents
- Third-party verification where appropriate

Household size used for income limits must match documented occupants.

### **Income Verification Standards**

Acceptable documentation may include:

- Pay stubs
- Employer verification forms
- Benefit award letters
- Tax returns (where appropriate)
- Bank statements
- Court orders (for child support)

Files must clearly demonstrate:

- Source of income
- Frequency
- Gross amount
- Calculation method

### **Income Re-Certification**

Income eligibility will generally be determined once prior to award. Re-certification may be required if:

- Processing exceeds established timeframes
- Household composition changes
- HUD guidance requires update

### **Rental Projects – LMI Compliance**

For rental activities, the Subrecipient will document:

- Tenant income eligibility
- Initial and ongoing affordability compliance
- Rent reasonableness
- Annual tenant certifications

Monitoring will continue for the full affordability period.

## **Appendix C – Application**

To be added once developed.

**END OF GUIDELINES**