

**St. Clair County**  
**Intergovernmental Grants Department/  
Community Development**  
**Affordable Housing Development  
&  
New Construction**  
**Policies and Procedures**



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## Manual Structure

This manual is organized into three parts to clearly distinguish requirements that apply to all HUD-funded new construction programs from those specific to HOME and those specific to CDBG-DR

- Part 1 – General Requirements:  
This section outlines the core compliance standards and construction procedures that apply to all HUD-funded new residential construction projects, including both HOME and CDBG-DR programs. It covers requirements common to both programs, such as environmental review, procurement standards, labor compliance, accessibility, fair housing obligations, and recordkeeping practices.
- Part 2 – HOME New Construction:  
Outlines policies and procedures unique to the HOME Investment Partnerships Program. This section addresses HOME-specific eligibility, income targeting, property standards under 24 CFR 92.251, affordability periods, maximum per-unit subsidy limits.
- Part 3 – CDBG-DR New Construction:  
Provides guidance for new construction projects funded through the Community Development Block Grant – Disaster Recovery program. This section includes requirements tied to disaster recovery and mitigation, duplication of benefits, national objective compliance, tie-back to the declared disaster, and any HUD waivers or alternative requirements.

## Key Definitions

### ***Annual Action Plan***

The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. The Annual Action Plan applies to formula grant programs such as CDBG, HOME, ESG, and HOPWA. St Clair County IGD/CD's current action plan can be located at [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development \(RC Version: 9.13.3.0\)](#)

### ***Affordable Rents***

For purposes of CDBG-DR-funded rental housing, “affordable rent” means the total monthly housing cost (rent plus utilities or a utility allowance) does not exceed HUD-published limits for the applicable income level, consistent with Fair Market Rents (FMR) or program-specific rent limits established in the County's CDBG-DR Action Plan. These limits are designed to ensure housing costs do not exceed 30% of household income for low- and moderate-income households.

### ***Affordability Period***

The time during which HOME Loan financed units must remain affordable to eligible households, as defined by HOME program regulations. The Period of Affordability shall commence upon completion of the project and shall run for the period required under HOME regulations or the term of the HOME Loan, whichever is greater.

### ***BABA***

The Build America Buy America Act of 2021 establishes a “Buy America” preference for certain covered materials used in CDBG projects. Covered materials under this Act include iron, steel, manufactured products and construction materials (e.g., metals other than iron, steel, plastic materials such as PVC pipe, glass, lumber, or drywall). The policy is effective for projects using iron and steel for all funds obligated on or after November 15, 2022. The policy will be effective for specifically listed construction materials as of the date HUD obligates new FFA from FY24 appropriations. For more detailed information, refer to St Clair County IGD/CD's BABA policy and procedure at [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development \(RC Version: 9.13.3.0\)](#) or [Build America, Buy America Act - HUD Exchange](#).

### ***CDBG-DR***

Community Development Block Grant–Disaster Recovery Program, a federally funded, non-competitive grant program designed to help communities recover from Presidentially declared disasters. CDBG-DR funds are allocated by Congress and administered by HUD through Federal Register Notices, allowing grantees to address unmet housing, infrastructure, economic development, and mitigation needs not covered by other sources.

### ***Commitment***

The County has executed a legally binding written agreement with the project owner/developer to use

a specific amount of HOME funds to produce affordable housing or has met the requirements to commit to a specific local project. (24 CFR Part 92) Commit to a specific local project means: If the project consists of rehabilitation or new construction (with or without acquisition) the County and owner/developer have executed a written legally binding agreement under which HOME assistance will be provided to the owner/developer for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date.

***Davis-Bacon Act***

A federal law requiring prevailing wages to be paid on construction projects using government funds. (Davis-Bacon and Related Acts | U.S. Department of Labor)

***Developer***

An individual or entity that undertakes the planning, construction, and/or rehabilitation of housing projects, often with HUD financing or through HUD programs. Developers are responsible for the overall vision and design of a project, including site selection, zoning compliance, and project feasibility studies. They oversee the construction of new buildings or the rehabilitation of existing ones, ensuring compliance with building codes and HUD requirements. Developers secure funding for their projects, which may include HUD loans, grants, or private financing. They must adhere to specific HUD program rules and regulations, including requirements for affordability and project documentation. Developers manage the entire project lifecycle, from initial planning to completion and, in some cases, ongoing management of the property.

***Disaster tie-back***

Requirement that all CDBG-DR activities demonstrate a clear connection to the Presidentially declared disaster event as documented in the Action Plan.

***Disaster Recovery Grant Reporting System (DRGR)***

HUD's system for tracking CDBG-DR expenditures, performance measures, and compliance reporting.

***Duplication of Benefit (DOB)***

Prohibition against providing assistance that duplicates benefits already received from other sources for the same purpose, per Section 312 of the Stafford Act and HUD guidance.

***Environmental Review (ER)***

The process of evaluating a project's impact on the environment as required by the National Environmental Policy Act (NEPA) | US EPA

***HOME Investment Partnerships Program (HOME)***

A federal block grant program authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) and implemented at 24 CFR Part 92. The HOME

program provides formula grants to states and local governments to create affordable housing for low-income households through activities such as new construction, rehabilitation, and acquisition. Participating jurisdictions must comply with HOME regulations, including affordability requirements, property standards, and income eligibility.

### ***Housing***

May include single or multi-family units, manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, and single-room occupancy housing. Housing may also include elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farm worker dormitories). (24 CFR Part 92 )

### ***Low-income families***

Families whose annual incomes do not exceed 80% of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance. (24 CFR Part 92).

### ***Mitigation Measures***

Design features or activities that reduce future risk of damage from natural hazards, aligned with the County's Multi-Hazard Mitigation Plan and HUD requirements.

### ***National Objective***

A requirement that CDBG and CDBG-DR funded activities meet one of HUD's three objectives: benefiting low- and moderate-income persons, preventing or eliminating slums or blight, or addressing urgent needs.

### ***New construction***

HOME funds may be used for new construction of both rental and ownership housing. Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction.

### ***Owner***

The HOME funds must be provided to the entity that owns the project.

### ***Policy***

A guiding principle that outlines what the organization does and why.

### ***Program income***

Gross income received by the County, directly generated from the use of HOME funds or matching

contributions. When program income is generated by housing that is only partially assisted with HOME funds or matching funds, the income shall be prorated to reflect the percentage of HOME funds used. Program income includes, but is not limited to, the following:

Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME funds or matching contributions;

Gross income from the use or rental of real property, owned by the County, that was acquired, rehabilitated, or constructed, with HOME funds or matching contributions, less costs incidental to generation of the income (*Program income* does not include gross income from the use, rental or sale of real property received by the project owner, developer, or sponsor, unless the funds are paid by the project owner, developer, or sponsor to the County);

Payments of principal and interest on loans made using HOME funds or matching contributions;

Proceeds from the sale of loans made with HOME funds or matching contributions;

Proceeds from the sale of obligations secured by loans made with HOME funds or matching contributions;

Interest earned on program income pending its disposition; and

Any other interest or return on the investment permitted under 24 CFR 92.205(b) of HOME funds or matching contributions.

### ***Project***

A site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking under this part. The project includes all the activities associated with the site and building. (24 CFR Part 92).

### ***Project completion***

All necessary title transfer requirements and construction work have been performed; the project complies with the requirements of this part (including the property standards); the final drawdown of HOME funds have been disbursed for the project; and the project completion information has been entered into IDIS, except that with respect to rental housing completion, project completion occurs upon completion of construction and before occupancy. (24 CFR Part 92).

### ***Procedure***

Step-by-step instructions on how to carry out a policy or task.

### ***Reconstruction***

This refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment. HOME funds may be used to build a new foundation or repair an existing foundation. Reconstruction may take place anywhere on the lot; however, reconstruction of a single-family unit in a new location on the lot is classified as new construction for purposes of environmental review. Reconstruction of multi-family is viewed as new construction for the purposes of environmental review if the number of units is increased or decreased by more than 20% and/or the cost of reconstruction is more than 75% of the total estimated cost of the replacement after the work is completed. Refer to 24 CFR Part 58 for more information.

### ***Section 3***

A HUD requirement ensuring that economic opportunities generated by HUD-assisted projects benefit low-income residents and businesses.

### ***Sponsor***

An organization that contracts with a grantee to receive assistance and administer a project, often a housing development. Sponsors can be various entities, including nonprofit organizations, state or local housing agencies, or even public entities. They are responsible for ensuring the project adheres to program regulations and other applicable laws. The sponsor must ensure the project complies with the terms of the grant agreement and all applicable regulations, including those related to affordability, tenant selection, and other program requirements. The sponsor typically contracts with a grantee, who is the entity that actually receives the grant funds. The grantee then oversees the sponsor's work to ensure compliance with program rules.

### ***Standard***

The expected level of quality or performance for a task or outcome.

### ***Universal Notice***

A standardized HUD document that outlines the rights of individuals and households who may be displaced or otherwise affected by federally funded projects, including those funded through CDBG and CDBG-DR. It includes information on relocation assistance, eligibility, and appeal rights, and must be provided at the appropriate stage of project development in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

### ***Uniform Relocation Assistance***

Federal law requiring assistance for persons displaced by federally funded projects, including accessibility accommodations for persons with disabilities.

### ***Unmet Need***

Remaining need for housing, infrastructure, or economic recovery after accounting for insurance, FEMA, SBA, and other assistance, determined through duplication of benefits analysis.

### ***Very low-income families***

Families whose annual incomes do not exceed 50% of the median family income for the area. An individual does not qualify as a very low-income family if the individual is a student who is not eligible to receive Section 8 assistance under [24 CFR 5.612](#).

# Part I

## General New Construction Policies

### Section 1: Introduction

The purpose of this manual is to establish uniform policies and procedures for administering new construction projects funded through the HOME: HOME Investment Partnerships Program and the CDBG-DR: Community Development Block Grant Disaster Recovery Funds. This manual ensures compliance with all applicable federal regulations, state requirements, and local policies while promoting consistency, transparency, and accountability in project implementation.

The St. Clair County Intergovernmental Grants Department (IGD) / Community Development Division (CD) administers funding from the U.S. Department of Housing and Urban Development (HUD) through the HOME Investment Partnerships Program (HOME) and the Community Development Block Grant – Disaster Recovery Program (CDBG-DR). These programs support housing development and community improvements in alignment with the objectives of the Housing and Community Development Act of 1974, as amended. All program-specific policies and procedures must align with the approved Action Plan and any subsequent amendments, ensuring consistency with HUD requirements and local priorities.

### Section 2: Program Compliance

- **HOME Program:**

HOME-funded activities must comply with requirements under 24 CFR Part 92 including income targeting, property standards, affordability periods, and eligible costs. Unlike CDBG programs, HOME does not use National Objectives as a compliance measure.

- **CDBG-DR Program:**

CDBG-DR-funded activities must meet at least one of the three CDBG National Objectives under 24 CFR 570.208:

- 1) Benefit low- and moderate-income persons
- 2) Aid in the prevention or elimination of slums or blight
- 3) Address a need having a particular urgency (Urgent Need). Additionally, CDBG-DR projects must demonstrate tie-back to the declared disaster, comply with duplication of benefits requirements, and follow any HUD waivers or alternative requirements.

#### 2.1 Cross-Referenced Policies

St. Clair County IGD/CD maintains several stand-alone policies that apply to all HUD-funded programs and specific program activities. These policies are incorporated by reference and provide detailed guidance on compliance requirements beyond this manual. A complete list of cross-referenced policies is included in Appendix I.

#### 2.2 Conflict of Interest

In accordance with 2 CFR 200.318, 24 CFR 570.611 and 24 CFR 92.356, no IGD/CD employee, officer, or agent may participate in the selection, procurement, award, administration of a contract supported by HOME or CDBG-DR funds if a real or apparent conflict of interest exists. If they have a real or apparent conflict of interest, including:

- The individual, a member of their immediate family, or their business partner has a financial or other interest in a firm competing for a contract.
- The individual has business or personal ties to a competing contractor or an organization involved in the process.
- Soliciting or accepting gratuities, favors, or anything of monetary value from contractors, potential contractors, or subrecipients

Any alleged violations of these standards shall be immediately referred to the St. Clair County Intergovernmental Grants Department (IGD) for review.

*HUD may grant limited exceptions to these restrictions under 24 CFR 92.356 (HOME) and 24 CFR 570.611(d) (CDBG-DR).*

### **Requesting a Conflict-of-Interest Exception**

In cases where a real or apparent conflict of interest exists, IGD/CD may request an exception from HUD as permitted under 24 CFR 92.356 and 24 CFR 570.611(d). The following conditions must be met for HUD to grant an exception:

- 1) **Full Disclosure** – The individual or entity with a potential conflict must provide written disclosure of the nature of the conflict, including financial or relational interests.
- 2) **Public Benefit Justification** – The request must include a written justification explaining why granting the exception serves the public interest and will not compromise program integrity.
- 3) **Approval Process** – IGD/CD must submit the exception request to HUD, along with:
  - A detailed explanation of the conflict.
  - Steps taken to mitigate any undue influence in procurement or funding decisions.
  - Public notice (if applicable) to ensure transparency in decision-making.
- 4) **HUD Determination** – HUD will review the request and issue a decision in writing, either approving or denying the exception.

*Any conflict of interest exception request must be approved in writing by HUD before proceeding with the affected contract, funding, or procurement.*

## **Section 3: Contractor Compliance and Labor Standards**

### **3.1 Debarment and Suspension Restrictions**

Per, 48 CFR Part 9 Subpart 9.4 funds may not be used to directly or indirectly to employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension, or placement of ineligibility status. Prior to entering into any HUD-funded agreement, IGD/CD will verify all known contractors, subcontractors, consultants, and subrecipients' UEI numbers in the System for Award Management (SAM), found at Home | SAM.gov

General contractors are required to:

- 1) Check SAM for subcontractors.
- 2) Provide completed SUBCONTRACTOR UEI NUMBER & DEBARMENT STATUS Form to IGD/CD staff.

### **3.2 Equal Opportunity**

Recipients must comply with all applicable civil rights laws, including Section 109 of the Housing and Community Development Act of 1974 (for CDBG-DR) and TITLE II of the Cranston-Gonzalez National Affordable Housing Act (for HOME), as well as Title VI of the Civil Rights Act of 1964 and SECTION 3 of the Housing and Urban Development Act of 1968. IGD/CD will ensure that all activities are conducted in accordance with these requirements.

### **3.3 Non-Discrimination Policy**

St. Clair County shall comply with all applicable non-discrimination laws and regulations, including those enforced by the U.S. Department of Housing and Urban Development (HUD) or any other applicable funding source, and shall ensure that no person is excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part by HUD and/or any other applicable funding source.

### **3.4 Section 3/Minority Business Enterprise (MBE) Requirements**

If applicable, compliance with Section 3 of the Housing and Urban Development Act of 1968 is required wherever HUD financial assistance is expended for housing or community development. To the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area. Section 3 residents include public housing residents, low-and very low-income persons who live in the metropolitan area or non-metropolitan county where the HUD assisted project is located.

HUD has mandated that recipients of HUD funding, including HOME and CDBG-DR, take all necessary steps to ensure awarded contractors make efforts to encourage the use of minority and women business enterprises, referred to as a Minority Business Enterprise (MBE). The IGD/ CD has set an overall goal of fifteen percent (15%) for the Minority Business Utilization Rate. New Construction Projects funded through HUD programs shall include, to the maximum extent possible, the use of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into as a result of HUD funding.

## **Section 4: Building Standards, Codes, and Property Standards**

### **1) Applicable Codes and Standards**

- All HOME and CDBG-DR assisted new construction must meet state and local building codes or, in their absence, the International Residential Code (IRC) or International Building Code (IBC).
- CDBG-DR projects must also comply with HUD property standards for new construction, included but not limited to energy efficiency, durability, and accessibility requirements.

### **2) Verification Process**

- IGD/CD will verify compliance through:
  - Review of stamped architectural plans prior to construction.
  - Confirmation of building permits issued by the local authority.
  - On-site inspections at key construction milestones and at project completion.

- Inspection reports will be maintained in the project file for the entire affordability period.

### 3) **Beneficiary Protection Against Contractor Issues**

- St. Clair County will assist beneficiaries in responding to contractor fraud, poor quality work, or related issues by:
  - Maintaining a formal complaint process and contact information in award documents.
  - Conducting interim and final inspections before releasing payments.
  - Requiring performance bonds and retainage to ensure completion and quality.
  - Providing advisory services and referrals for legal assistance if fraud is suspected.

#### **4.1 Accessibility**

Housing must meet the accessibility requirements of 24 CFR Part 8 (Section 504 of the Rehabilitation Act of 1973), and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Part 35 and 28 CFR Part 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205.

#### **4.2 Environmental Review and Mitigation**

If the Environmental Review conducted under 24 CFR Part 58 identifies hazards or vulnerabilities, those findings must be addressed through project design and construction (e.g., elevation above base flood elevation, fire-resistant materials, seismic reinforcements). These mitigation measures must be incorporated into construction documents and verified during inspections. The New Construction projects must comply with the environmental review requirements outlined 24 CFR Part 58. These requirements are detailed in St. Clair County IGD/CD's Environmental Policies and Procedures, which can be accessed at: St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)

#### **4.3 Broadband Infrastructure**

For new construction housing projects with more than four rental units, the construction must include installation of broadband infrastructure as defined in 24 CFR 5.100, except where infeasibility or undue financial burden is documented per 24 CFR 92.508 (a)(3)(iv). Documentation must include:

- **Memo to File** detailing reasons for infeasibility.
- **Engineer/architect/project managing Report** prepared by a qualified engineer/architect/project manager.

All broadband determinations and supporting documentation must be retained in the project file.

#### **4.4 Ongoing Property Standards**

In accordance with 24 CFR 92.251(f) and applicable CDBG-DR requirements, property standards apply throughout the affordability period. Owners must maintain housing as decent, safe, sanitary, and in good repair. Standards include:

- Compliance with state/local codes and HUD's minimum property standards (24 CFR 5.703)
- Immediate correction of life-threatening deficiencies (within 24 hours) and non-emergency repairs (within 30 days).
- Annual inspections documented using HUD-approved forms, with corrective actions enforced.

- In accordance with HUD’s lead-based paint regulations at 24 CFR Part 35, all HOME and CDBG-DR projects must comply with lead-based paint requirements. For new construction, lead-based paint hazards are generally not present because new materials are used; however:
  - If the project involves rehabilitation of existing structures, demolition and reconstruction, or acquisition of pre-1978 housing, lead hazard evaluation and reduction requirements apply based on HUD funding thresholds.
  - In all cases where pre-1978 housing is involved, the HUD Lead Hazard Information Pamphlet (or an acceptable alternative) must be provided to the homeowner or buyer.

*For new construction only, compliance is achieved by certifying that all materials are lead-free and ensuring safe work practices during any site preparation or demolition.*

#### **4.5 Housing Quality Standards (HQS)**

Housing must meet HQS requirements at 24 CFR 982.401 for annual and interim inspections.

#### **Inspection and Monitoring Procedures**

- Progress and final inspections must confirm compliance with approved plans, specifications, and applicable codes.
- Inspection results and corrective actions must be documented in the project file.
- Non-compliance may result in withholding funds or other enforcement actions.

#### **Cost Reasonableness**

Construction contracts and cost estimates must comply with 2 CFR 200.404. Reasonableness is determined through:

- Industry-standard cost guides.
- Comparison to similar projects.
- Multiple independent cost estimates.

### **Section 5: Displacement and Relocation**

The owner/developer shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with HOME or CDBG-DR funds. St. Clair County will not approve or fund any new construction activity that is anticipated to cause displacement of persons, businesses, or nonprofits. All projects will undergo a site selection review during planning to confirm that displacement is not expected. This review will be documented in the project file.

#### **Assessment and Identification of Potentially Displaced Persons**

Although displacement is not anticipated for CDBG-DR New Construction projects, IGD/CD will assess and document the needs of any potentially displaced persons using the following methods:

- Site visits to verify occupancy and household circumstances
- Individual interviews to assess income, household composition, disability needs, and preferences
- Group or individual orientations to inform residents of their rights, timelines, and assistance options
- Household needs assessments to determine appropriate decent, safe, sanitary, and affordable replacement housing
- Review of tenancy documentation, leasing records, and occupancy dates

- Coordination with property managers or service providers when applicable

These processes comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and the County’s : Residential Anti-Displacement & Relocation Assistance Policy.

### **Relocation Budget Development**

If displacement is identified, IGD/CD will develop a relocation budget consistent with URA and Section 104(d), as applicable. Budget considerations will include:

- Local housing market conditions (availability and rent levels of comparable units)
- Acquisition costs if real property acquisition is required
- Relocation payments, including moving expenses, rental assistance, or replacement housing payments
- Professional services costs, including relocation advisory services, interpreters, accessibility support, inspectors, and appraisers
- Temporary relocation costs when applicable
- Administrative and staffing costs needed to implement URA requirements

These costs will be incorporated into project underwriting to ensure resources are sufficient to meet legal obligations.

### **5.1 Preventive Measures**

- Prioritize vacant land or underutilized parcels for new construction.
- Require developers to certify that proposed sites do not involve occupied structures or active businesses.
- Include displacement screening in the Environmental Review Record (ERR) and underwriting checklist.

Although displacement is not anticipated, St. Clair County acknowledges that the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, applies if displacement occurs unexpectedly.

### **Relocation Assistance For Displaced Persons**

To the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project. If an owner/developer displaces a person, that person must be provided relocation assistance at the levels described in, and in accordance with the requirements of the (42 Usc Ch. 61:) Uniform Relocation Assistance And Real Property Acquisition Policies Act of 1970 and 24 CFR 92.353. This applies to any permanent, involuntary move for an assisted project, including any permanent move from the real property that is made:

- 1) After notice by the owner/developer to move permanently from the property, if the move occurs on or after the date of the submission of an application to the County, if the applicant has site control and the application is later approved; or
- 2) After the date the jurisdiction approves the applicable site, if the applicant does not have site control at the time of the application; or
- 3) Before the notice by the owner/developer to move permanently from the property, if the County determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or By a tenant-occupant of a dwelling unit, if any one of the following three situations occurs:
- 4) The tenant moves after execution of the agreement covering the acquisition,

rehabilitation, or demolition and the move occurs before the tenant is provided written notice offering the tenant the opportunity to lease and occupy a suitable, decent, safe, and sanitary dwelling in the same building/complex upon completion of the project under reasonable terms and conditions.

*St. Clair County will ensure that any relocation assistance provided under URA and 24 CFR 92.353 includes reasonable accommodations for displaced persons with disabilities, including accessible housing options and advisory services consistent with Section 504 and 24 CFR Part 8*

## **5.2 Temporary Relocation**

If an owner/developer plans to relocate residents temporarily such tenants must be provided:

- 1) **Reimbursement** for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporarily occupied housing and any increase in monthly rent/utility costs (49 CFR 24.202).
- 2) **Appropriate advisory services**, including reasonable advance written notice of:
  - a) The date and approximate duration of the temporary relocation (49 CFR 24.203);
  - b) The location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period (49 CFR 24.205) ;
  - c) The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe, and sanitary dwelling in the building/complex upon completion of the project (49 CFR 24.205); and
  - d) The provisions of related to out of pocket expenses (49 CFR 24.205)

### **Temporary Relocation Assistance**

A tenant who is required to relocate temporarily and does not return to the building/complex, may experience one of the following:

- 1) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation; or
- 2) Other conditions of the temporary relocation are not reasonable; or
- 3) The tenant is required to move to another dwelling unit in the same building/complex but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move, or other conditions of the move are not reasonable.

### **Conditions Where a Tenant is NOT Considered Displaced**

A person does not qualify as a displaced person if

- 1) The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement, violation of applicable federal, State or local law, or other good cause, and the County determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance.
- 2) The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, it's possible impact on the person (e.g., the person may be displaced, temporarily relocated, incur a rent increase), and the fact that the person would not qualify as a

“displaced person” (or for any assistance under this section) as a result of the project.

All CDBG-DR-funded projects must comply with HUD’s Universal Notice requirements and the County’s Residential Anti-Displacement and Relocation Assistance Plan (RARAP). If HUD waivers or alternative requirements apply to relocation or one-for-one replacement under Section 104(d), these will be documented in the County’s CDBG-DR Action Plan and project files.

For the full policy and required procedures, refer to the County website: Residential Anti-Displacement & Relocation Assistance Policy located at [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development](#).

### **Section 6: Monitoring**

The St Clair County Intergovernmental Grants Department (IGD)/ Community Development Group (CD) is responsible for ensuring all HUD-funded programs, including HOME and CDBG-DR, are implemented in compliance with applicable federal regulations, program requirements, and written agreements.

IGD/CD conducts internal self-monitoring to assess program performance, identify areas for improvement, and proactively address compliance issues. Monitoring activities are guided by HUD regulations, including [2 CFR Part 200](#), applicable Federal Register Notices, and the County’s internal Compliance Monitoring Policy and Procedures Manual, available on [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development \(RC Version: 9.13.3.0\)](#).

## **Part II- HOME New Construction**

### **Section 1: Program Overview**

The purpose of this Policy and Procedure Manual is to provide guidance regarding the New Construction process with HOME funding including the revised HOME criteria per the HOME Final Rule . The HOME Investment Partnerships Program is a U.S. Department of Housing and Urban Development (HUD) grant program administered by St. Clair County, as a participating jurisdiction (PJ). Owners/Developers, Contractors and Subcontractors must agree to comply with all applicable federal and state requirements as required in 24 CFR Part 570 (Community Development Block Grants) and/or 24 CFR Part 92 ( Home Investment Partnerships Program).

### **Section 2: Eligible Criteria**

In accordance with 24 CFR 92.205, eligible new construction activities must be carried out for income-eligible households and must result in permanent housing that meets the property standards outlined in 24 CFR 92.251 upon project completion. Direct homebuyer assistance must comply with 24 CFR 92.254 , including affordability period and resale or recapture requirements.

#### **2.1 Eligible Activities:**

- New construction of rental or homebuyer property; and
- Direct financial assistance to homebuyers of HOME-assisted property.

#### **Eligible Costs (24 CFR 92.206):**

- Construction hard costs (materials and labor)
- Site improvements and utility connections
- Related soft costs (architectural, engineer/architect/project managing, permits)
- Developer fees within HUD limits

**HOME funds must be used during the construction of the property.** *Eligible activities under this manual are limited to the new construction of housing units. Rehabilitation-only and acquisition-only projects are not covered herein.*

#### **2.1 Ineligible Activities**

HOME funds **cannot** be used for:

- Acquisition-only or rehabilitation-only projects (not covered under this manual)
- Luxury housing features (e.g., swimming pools, hot tubs, saunas)
- Non-permanent structures (e.g., mobile homes not affixed to a permanent foundation)
- Commercial or non-residential space beyond allowable limits
- Operating subsidies or ongoing maintenance costs
- Project reserve accounts or replacement reserves
- Costs incurred before the written agreement is executed
- Costs for units that will not meet HOME affordability requirements

### **Section 3: Income Eligibility & Determination**

In accordance with 24 CFR 92.203, all households assisted under the HOME New Construction Program must meet the income eligibility requirements established by HUD. The IGD/CD and the owner/developer are responsible for ensuring that households qualify as low-income (i.e., ≤80%

of Area Median Income [AMI]) at the time of occupancy or assistance.

1) **Income Limits**

- a) Income limits are published annually by HUD and must be used to determine eligibility at the time of assistance.
- b) The income limits applicable are those in effect on the date of income determination

2) **Methods of Determining Income**

The household's income must be determined using one of the following HUD-approved methods:

- a) Part 5 (Section 8) Annual Income Definition – as defined in [24 CFR 5.609](#); or
- b) IRS Form 1040 Adjusted Gross Income; or
- c) Census Long Form Method (only allowed if approved under specific program guidance)

3) **Documentation and Verification**

- a) Income must be verified through source documentation (e.g., pay stubs, benefit letters, bank statements).
- b) Third-party verifications should be used where feasible; self-certification is not acceptable unless otherwise permitted by HUD in specific emergency guidance.
- c) Verification must not be more than six months old at the time of project commitment.

## **Section 4: Affordable Rent Standards and Enforcement**

In accordance with **24 CFR 92.252**, HOME-assisted rental housing must meet the following affordability standards:

1. **Maximum HOME Rent Limits**

The maximum HOME rents are the lesser of:

- o The HUD-published Fair Market Rent (FMR) for comparable units in the area; or
- o A rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the area median income (AMI), as determined by HUD. HUD publishes HOME rent limits annually, which include utility allowances and occupancy assumptions.

2. **Projects with Five or More HOME-Assisted Units**

At least 20% of HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements:

- o Rent does not exceed 30% of annual income for a family at 50% AMI; or
- o Rent does not exceed 30% of the family's adjusted income if the unit receives Federal or State project-based rental subsidy and the tenant contribution is capped at 30% of adjusted income.

3. **Affordability Enforcement**

- o Affordability is enforced through recorded deed restrictions, written agreements, and annual monitoring by IGD/CD.
- o If HOME-assisted units are not occupied by eligible tenants within six months of project completion, IGD/CD must revise its marketing plan.
- o HOME funds invested in any unit not rented to eligible tenants may be subject to repayment to HUD.

The minimum affordability period for HOME-assisted new construction is 20 years. However, IGD/CD works with all funding sources to determine the appropriate affordability timeframes for each project to ensure compliance with all applicable requirements.

## **Section 5: Financial and Compliance Requirements**

### **5.1 Performance Monitoring**

The St Clair County Intergovernmental Grants Department (IGD)/ Community Development Group (CD) is responsible for ensuring that HOME funds are used in accordance with 24 CFR Part 92, CPD Monitoring Handbook (Chapter 7: Exhibit 7-27, 7-29 & 7-30), (HUD) U.S. Department of Housing and Urban Development , and all program requirements and written agreements. The IGD/CD shall take appropriate action when performance problems arise. With respect to written agreement, the IGD/CD has the right to require specific performance expectations to ensure a timely and effective use of HOME funds.

### **5.2 Payment and Reimbursements**

Set forth by 24 CFR 92.504 , the IGD/CD must have an executed contractual agreement to initiate any payments or reimbursements. For new construction activities, the IGD/CD will not issue payments from County coffers without proper documentation in accordance with HUD requirements.

County funds must be deposited into an account with a County approved Title Company. The account must be maintained by a separate federally insured account and be contractually bound through an agreement executed with the County detailing instructions containing the terms of release of payments.

### **5.3 Procurement**

In order to ensure the proper disbursement of grant funds, the County plans to remain in compliance with applicable CDBG rules and regulations, as well as other applicable federal regulations such as Office of Management and Budget 2 CFR Part 200 . The County will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement and accountability which may also be investigated. The County will monitor the compliance of applicants and HUD will monitor the County's HOME programs. **St. Clair County IGD Finance Procedures Manual** can be located at St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0).

### **5.4 Match Requirements**

Set forth by 24 CFR Part 92.218 , owners/developers are required to make contributions to housing that qualifies as affordable housing under the HOME Program. Owners/developers must ensure match contributions of not less than 25 percent of the HOME funds drawn down. Match contributions must occur during the same period in which the HOME funds are expended. This means that the match must be documented at the time the HOME funds are drawn down or used.

Eligible forms of matching contributions must be made from nonfederal resources and may be in the form of one or more of the following:

- 1) Cash contributions from nonfederal sources
- 2) Forbearance of fees -State and local taxes, charges or fees.

- 3) Donated Real Property
- 4) The cost, not paid with Federal resources, of on-site and off-site activities that the participating jurisdiction documents are directly required for HOME-assisted projects
- 5) Proceeds from multifamily and single family affordable housing project bond financing validly issued by a State or local government, or an agency or instrumentality of a State or local government or a political subdivision of a State and repayable with revenues from the affordable housing project financed
- 6) The reasonable value of donated site-preparation and construction materials, not acquired with Federal resources.
- 7) The reasonable rental value of the donated use of site preparation or construction equipment.
- 8) The value of donated or voluntary labor or professional services in connection with the provision of affordable housing.
- 9) The value of sweat equity provided to a homeownership project, under an established component of a participating jurisdiction's program, up until the time of project completion (i.e., submission of a project completion form).
- 10) The direct cost of supportive services provided to families residing in HOME-assisted units during the period of affordability or receiving HOME tenant-based rental assistance during the term of the tenant-based rental assistance contract.
- 11) The direct cost of homebuyer counseling services provided to families that acquire properties with HOME funds including ongoing counseling services provided during the period of affordability.

### **5.5 Resale/Recapture Policies**

To ensure that HOME investments yield affordable housing over the long term, HOME regulations impose occupancy requirements over the length of an affordability period. If a house purchased with HOME funds is sold during the affordability period, recapture or resale provisions as per 24 CFR 92.254 shall apply to ensure the continued provision of affordable homeownership. The IGD/CD has adopted a recapture provision for all Homebuyer Activities using HUD HOME funds as a Direct Homebuyer Subsidy or if the project includes both a Direct and Development Subsidy. The IGD/CD shall require that Resale provisions be used in the event that **only** a Development Subsidy is used to make the home affordable (i.e. funding construction to the owner/developer).

### **5.6 Certification Regarding Debarment, Suspension, Ineligibility And Voluntary Exclusion-- Lower Tier Covered Transactions.**

A person who is debarred or suspended shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities (2 CFR Part 180). The undersigned representatives of the BORROWER each certify, to the best of their knowledge and belief, that:

- 1) Neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this contract; and
- 2) It will include the following clause without modification, in all proposals, agreements, contracts, proposals, or other lower tier covered transactions:

- "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction: (A) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department. (B) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal."

- 3) HOME funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension, or placement of ineligibility status (48 CFR Part 9 Subpart 9.4) Prior to entering into any HUD-funded agreement, the IGD/CD will be provided status of all known contractors, subcontractors (including sub-tier contractors), consultants, and subrecipients for registration and UEI numbers in the System for Award Management (SAM), found at <https://www.sam.gov>.

The debarment/suspension status will be checked in the SAM system for the following entities:

- 1) Owner/Developer
- 2) General contractors

*General contractors check System for Award Management (SAM) for subcontractors and will provide completed SUBCONTRACTOR UEI NUMBER & DEBARMENT STATUS Form to IGD/CD staff.*

### **5.7 Program Income Management**

Program income is defined at 24 CFR 92.2 and managed per 24 CFR 92.503. It includes any funds received by the County or its subrecipients directly generated from the use of HOME funds (e.g., repayment of loans, interest earned, sale of HOME-assisted properties, or net proceeds from resale).

- 1) Sources of Program Income
  - a) Repayment of construction or buyer loans.
  - b) Interest or investment earnings on HOME funds.
  - c) Net proceeds from sale of HOME-assisted housing.
  - d) Developer fee repayments (if specified in agreement).
- 2) Use of Program Income
  - a) Must be used before requesting additional HOME funds from HUD.
  - b) Must be used for HOME-eligible activities and comply with all HOME requirements, including income eligibility and affordability restrictions.
- 3) Accounting and Reporting
  - a) All program income must be recorded in the County's financial system and reported in IDIS.
  - b) The County must ensure that income is tracked separately by project and not co-mingled with other funds.
  - c) Reuse of program income must follow same rules as original HOME funds.

- 4) Reconciliation and Monitoring
  - a) Program income must be reconciled quarterly.
  - b) Subrecipients or CHDOs retaining program income must receive prior written approval, and a system for monitoring its use must be in place.

## **Section 6: Labor Provisions and Construction Compliance**

### **6.1 Build America, Buy America Act (BABA)**

The owner/developer must comply with the requirements of the, Build America, Buy America Act (BABA), 41 USC 8301, and all applicable rules and notice, as may be amended, if applicable to the owner/developer's project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver. St Clair County IGD/CD's Build America, Buy America Policies and Procedures can be found at St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0)

### **6.2 Davis Bacon Compliance**

In accordance with 24 CFR 92.354, every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing pursuant to the Davis-Bacon and Related Acts | U.S. Department of Labor. The contract for construction must contain these wage provisions if HOME funds are used for any eligible project costs.

- 1) If HOME funds are only used to assist homebuyers to acquire single-family housing, and not for any other project costs, the wage provisions apply to the construction only if:
  - a) There is a written agreement with the owner or developer of the housing that HOME funds will be used to assist homebuyers to buy the housing
  - b) The construction contract covers 12 or more housing units to be purchased with HOME assistance.
- 2) Applicability Across Projects:
  - a) The wage provisions apply to any construction contract that includes a total of 12 or more HOME-assisted units, whether one or more than one project is covered by the construction contract.
  - b) Once they are determined to be applicable, the wage provisions must be contained in the construction contract so as to cover all laborers and mechanics employed in the development of the entire project, including portions other than the assisted units.
  - c) *Arranging multiple construction contracts within a single project for the purpose of avoiding the wage provisions is not permitted.*
- 3) Owner/Developer Responsibilities

Owners/developers shall ensure that bid and contract documents contain required labor standards provisions and the appropriate Department of Labor wage determinations;

  - a) Conduct on-site inspections and employee interviews;

- b) Collect and review certified weekly payroll reports;
- c) Correct all labor standards violations promptly;
- d) Maintain documentation of administrative and enforcement activities; and
- e) Require certification as to compliance with the provisions of this section before making any payment under such contracts.

## **Section 7: New Construction And Property Standards**

### **7.1 Underwriting Standards**

In accordance with 24 CFR Part 92 Subpart F, each new construction project identified for assistance with federal funding, underwriting and (if applicable) subsidy layers shall be performed to ensure the funding in the project is at an appropriate level to neither over subsidize the project nor inject the project to long term sustainability and affordability risk.

The IGD/CD will conduct a subsidy layering review prior to the award of any funds. The IGD/CD will evaluate developer capacity and experience, as well as the long-term viability of the project, in accordance with Notice CPD-15-11. Details can be found in the St. Clair County, Illinois Underwriting and Subsidy Layering Policies and Procedures, located at St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development (RC Version: 9.13.3.0). The IGD/CD will evaluate the reasonableness and need for the requested assistance by analyzing pro-formas for cash flow, debt-coverage ratios, and the appropriateness of fees charges. The IGD/CD will review and keep project records demonstrating that the new construction project meets required subsidy layering guidelines. Owners/developers are required to submit the HOME Multi-Family Underwriting Template, which includes achievable rent levels, market vacancies, and operating expenses. The IGD/CD must undertake:

- 1) An examination of the sources and uses of funds for the project and a determination that the costs are reasonable (2 CFR 200.404); and
- 2) An assessment of the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the owner/developer, and the firm written financial commitments for the project.

**Maximum per-unit subsidy amount.** The total amount of HOME funds that the IGD/CD may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitations established under section 221(d)(3)(ii) of the National Housing Act [12U.S.C. 17151(d)(3)(ii)] for elevator- type projects that apply to the area in which the housing is located.

### **7.2 Disaster Mitigation**

Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

If the Environmental Review conducted under 24 CFR Part 58 identifies hazards or vulnerabilities, those findings must be addressed through project design and construction (e.g., elevation above base flood elevation, fire-resistant materials, seismic reinforcements). These mitigation measures must be incorporated into construction documents and verified by the IGD/CD during inspections.

## **Property Standards Compliance**

All HOME-assisted new construction projects must comply with the property standards outlined in Part I: General New Construction Policies, which incorporate requirements from the HOME Final Rule. These include updated energy efficiency codes (ASHRAE 90.1-2019 and 2021 IECC), broadband infrastructure for rental projects with more than four units, smoke and carbon monoxide detectors, accessibility standards, and disaster mitigation measures.

## **Section 8: Performance and Compliance Procedures**

### **8.1 Recording Requirements**

Owners/developers and the IGD/CD are responsible for tracing the ultimate distribution of HOME funds in a new construction project in accordance with applicable CFR references.

- 1) Owner/developer and the IGD/CD shall determine the total HOME investment, which is a combination of any HOME funds provided to be used in the development phase of the project for acquisition, construction/rehab and soft costs (24 CFR 92.206).
- 2) Owner/developer and the IGD/CD shall determine if the project had costs in excess of sales prices, and therefore is eligible to write off part or all of the HOME development funds as “Development Subsidy” that does not have to be mortgage to the buyer(s). The Development Subsidy write-off is eligible only using the recapture method, and not the resale method. (24 CFR 92.254).
- 3) IGD/CD to determine HOME funds to be repaid
  - a) When new construction funds are invested in the development phase of the project (e.g., as a construction loan), underwriting will be completed to determine repayment terms. Any such repayments are considered program income to the County. (24 CFR 92.503).
  - b) If repayment is mandated, then it is appropriate to allow the owner/developer to draw any remaining developer fee due from the unit, after paying closing costs (realtor, legal and recording costs, etc.) and other construction loans. Then any net proceeds are available for repayment, if required by the County.
- 4) Owner/developer and the IGD/CD shall reconcile HOME funds
  - a) The final step in the process is to reconcile the ultimate allocation of all HOME funds invested in that unit.
  - b) Take the total HOME investment in the unit, and subtract funds allocated as Development Subsidies, Buyer Subsidies, and any Repayments from Sales Proceeds. (24 CFR 92.508)

### **8.2 Recordkeeping and File Management**

In accordance to 24 CFR 92.508, the IGD/CD and participating owners/developers are required to maintain accurate, complete, and secure records for all HOME-funded new construction projects. The recordkeeping system must support compliance with federal, state, and local requirements and must include provisions for file organization, retention, and security. Refer to Appendix II for Required File Components.

**Retention Timeframes:**

- 1) Project records must be retained for five (5) years after the affordability period ends.
- 2) Rental housing project records (including tenant income, leases, and inspections) must be kept for five (5) years after project closeout or the end of the affordability period, whichever is later.
- 3) Financial and IDIS records must be kept for at least five (5) years after final drawdown.

**Security and Access:**

- 1) Files must be stored in a secure location with access limited to authorized staff.
- 2) Electronic files must be stored on password-protected systems with regular backups and cybersecurity safeguards.
- 3) Confidential information, such as tenant income and personal data, must be protected in accordance with HUD and privacy regulations.

**Performance Reporting Procedure**

In accordance with 2 CFR Part 200 Subpart D, the owner/developer shall submit regular performance reports to the IGD/CD in a manner acceptable to the County, as cited in the agreement between the owner/ developer and the IGD/CD.

**8.3 Project Closeout Procedures**

Upon completion of a HOME-funded new construction project, IGD initiates closeout procedures to ensure all compliance and reporting obligations are met. This process ensures proper reconciliation of funds, documentation of outcomes, and transition into the affordability period. This complies with 24 CFR 92.504 and 24 CFR 92.508.

***Closeout Process:***

- 1) Construction Completion
  - a) Final inspection conducted by IGD.
  - b) Receipt of Certificate of Occupancy and Lease-Up documentation (ads, executed leases, rent schedules).
- 2) Final Draw and Reporting
  - a) Submission of final draw request with required payment documents (IDIS setup, disbursement forms, draw reports).
  - b) Title company submits check register and final draw report.
- 3) IDIS Project Completion
  - a) Budget Analyst submits IDIS Completion Form to document project closeout in the IDIS system.
  - b) Project is officially marked complete in IDIS and the Certificate of Completion is issued.
- 4) Unit Occupancy and Eligibility
  - a) Tenant income eligibility documentation is verified for all HOME-assisted units.
  - b) Required documentation includes income verification, lease agreements, rent calculations, and general release forms.
- 5) Post-Completion Monitoring
  - a) Annual monitoring for each unit includes inspections, tenant income re-certification,

- and rent reviews.
- b) Financial statements from owner/developer are required annually throughout the affordability period.
- 6) File Finalization and Archiving
- a) All documents filed according to the checklist and stored securely.
  - b) Files are retained for the duration of the affordability period plus an additional five years, per 24 CFR 92.508
  - c) Archived records must remain accessible for HUD audits or reviews.

**Section 9: Affordability Period Monitoring**

Per 24 CFR Part 92 Subpart F, all HOME-assisted units are subject to an affordability period based on the amount and type of HOME investment. IGD/CD must monitor ongoing compliance with occupancy, rent/income limits, and property condition standards throughout this period.

1) Affordability Period Requirements

HOME Investment per Unit	Minimum Affordability Period
< \$25,000	5 years
\$25,000–\$50,000	10 years
> \$50,000	15 years
new construction (rental or homebuyer)	20 years

2) Compliance Monitoring During Affordability Period

a) Rental Housing

- Annual review of tenant income certifications.
- Annual rent limits compliance check.
- Periodic on-site inspections (based on project size and frequency per 24 CFR 92.504)
- Maintenance of unit mix and set-asides for low-income tenants.

b) Homebuyer Housing

- Resale/recapture provisions enforced throughout the period.
- Monitoring triggered upon resale or transfer of property.

3) Changes During the Affordability Period

If a unit is no longer in compliance (e.g., sold without proper recapture, no longer primary residence, not rent-restricted), the County may be required to repay HUD the HOME funds invested, per 24 CFR 92.504.

## Part III

### CDBG-DR New Construction

#### Section 1: Program Overview

Under the St. Clair County IGD/CD CDBG-DR Action Plan, new construction projects funded through CDBG-DR are designed to address unmet recovery needs or contribute to long-term resilience following a presidentially declared disaster. These activities must comply with the requirements outlined in 24 CFR Part 570, applicable Federal Register notices, and the county’s Mitigation Needs Assessment. All CDBG-DR activities must demonstrate a tie-back to the disaster, comply with HUD waivers and alternative requirements, and be outlined in the Action Plan for Disaster Recovery (APDR) approved by HUD. Mitigation measures will be integrated into all CDBG-DR-funded construction and rehabilitation activities. Projects will incorporate hazard-resistant design standards and resilience performance measures, which will be tracked in DRGR as required by HUD.

Parameter	Details
<b>Disaster Allocation</b>	2024 Flood Disaster – \$89 million (90 FR 4759, Jan 16, 2025)
<b>Eligible Applicants</b>	Local governments and eligible nonprofit organizations
<b>Eligible Costs</b>	Construction, related soft costs, and mitigation measures
<b>Maximum Assistance</b>	\$1,000,000 per development; \$250,000 per unit
<b>Timelines</b>	Estimated launch: Q3 2026; program ends when all projects close out, funds expended, or 6 years after HUD grant execution
<b>National Objective</b>	Low- and Moderate-Income (LMI) benefit per 24 CFR 570.208

CDBG-DR funding for New Construction is intended to support strategic investments that not only replace or create housing and community assets lost or damaged in a qualifying disaster but also reduce future risk and strengthen long-term resilience. All new construction projects must demonstrate a clear tie-back to the presidentially declared disaster and align with the County’s broader recovery and mitigation objectives. Given the scale and urgency of disaster recovery, priority will be given to projects that serve vulnerable populations, advance equitable outcomes, and enhance the County’s capacity to withstand future hazards through hazard-resistant design and integrated mitigation measures.

#### Section 2: Eligibility Criteria

New construction projects funded through CDBG-DR must meet specific eligibility requirements that reflect the program’s core purpose: addressing unmet housing needs resulting from a presidentially declared disaster and reducing future risk through resilient investments. Eligible

activities include the construction of permanent residential housing units for low- and moderate-income households, provided they demonstrate a clear tie-back to the disaster and are consistent with the priorities outlined in the County’s Action Plan and Mitigation Needs Assessment.

Only the County’s 2024 CDBG-DR allocation may be used for New Construction activities. Although the Universal Notice allows new housing construction, the County’s 2022 CDBG-DR Action Plan restricts its funds to infrastructure activities and does not include New Construction as an eligible activity.

**Regulatory Authority**

Eligible activities are defined under Section 105(a) of the Housing and Community Development Act of 1974 , implemented in 24 CFR 570.482, and must meet a national objective per 24 CFR 570.208. Ineligible activities are listed in 24 CFR 570.207, except where waived by HUD.

**Universal Notice Waiver**

While construction of new housing is normally ineligible under 24 CFR 570.207 (b)(3), HUD’s Universal Notice provides a waiver permitting new housing construction for disaster recovery when included in the approved Action Plan. This waiver is incorporated into the Allocation Announcement Notice for each disaster.

**2.1 Method of Distribution**

In accordance with the HUD Universal Notice, IGD/CD will use social media platforms, including the St. Clair County Intergovernmental Grants Department Facebook page, to alert residents when CDBG-DR New Construction applications are open and when public hearings on CDBG-DR plans or projects are scheduled. Social posts will include deadlines, hearing details, and links to program materials. Per the approved Action Plan, CDBG-DR New Construction funds will be distributed through a competitive application process. IGD/CD will publish a Notice of Funding Availability (NOFA) outlining eligibility, application requirements, and deadlines.

Applications will be scored based on criteria similar to the infrastructure policy, including:

- Financial plan and demonstrated funding commitments
- Leverage of other funding sources
- Project readiness, including site control and zoning
- Project impact, including benefit to vulnerable populations and equitable outcomes
- Mitigation and resilience measures incorporated into project design
- Percentage of affordable units proposed
- Length of the affordability period
- Pre-award assessment, including organizational capacity and compliance history

**2.2 Award Cap and Exceptions**

The maximum award per project is \$1,000,000 per development; \$250,000 per unit for substantial reconstruction or new construction as established in the Action Plan. Exceptions to the cap may be granted under the following conditions:

- The applicant demonstrates that additional funding is necessary to address unmet need and ensure project feasibility.

- IGD/CD conducts a cost reasonableness analysis per 24 CFR 200.404 and documents justification in the project file.
- Exceptions will be approved by the IGD/CD Director and noted in the award agreement. HUD approval will be sought if required by program guidance.

IGD/CD will analyze circumstances for exceptions by:

- Reviewing project budgets and pro formas.
- Confirming that costs are necessary and reasonable.
- Documenting unmet need and justification for additional assistance.

### 2.3 Eligible Activities:

Eligibility Requirement	Description
<b>Disaster Tie-Back</b>	The project must address a documented impact from the qualifying disaster.
<b>National Objective</b>	All new constructions projects and activities funded under CDBG-DR will exclusively meet the Low- and Moderate-Income (LMI) benefit national objective, as outlined in the approved Action Plan.
<b>Location</b>	The project must be located within the designated disaster impact areas.
<b>Regulatory Compliance</b>	The project must comply with applicable environmental, procurement, and labor standards.

### Additional Requirements

- Projects must incorporate resilient design features to reduce future disaster risk.
- IGD/CD will document efforts to leverage additional funding sources and coordinate with other planned recovery and mitigation activities.
- In accordance with broadband requirements at 24 CFR 5.100 and the Universal Notice (Section III.D.5.b), any substantial rehabilitation, reconstruction, or new construction of a building with five or more rental units must include installation of broadband infrastructure or technology, unless IGD/CD documents that:
  - the location of the project makes installation infeasible;
  - the cost of installation would cause a fundamental alteration of the project or an undue financial burden; or
  - the structure of the building to be rehabilitated makes installation infeasible.

### Threshold Criteria

Applications must meet all threshold criteria to advance to scoring. Applications failing any threshold

requirement will be deemed ineligible.

- Demonstrate disaster tie-back.
- Meet the Low- and Moderate-Income (LMI) national objective.
- Be located within the designated disaster impact area (MID area).
- Be funded solely with 2024 CDBG-DR funds (the only allocation with the Universal Notice new-construction waiver).
- Commit to the minimum 20-year affordability period.
- Comply with all applicable federal, state, and local requirements, including environmental review, procurement standards, and labor standards.
- Include a completed Duplication of Benefits (DOB) analysis.
- Demonstrate site control or a feasible path to site control within the NOFA timeline.
- Submit a complete application, including all required attachments and certifications.
- Demonstrate consistency with the HUD-approved Action Plan and Mitigation Needs Assessment.
- Minimum Set-Aside for LMH: For CDBG-DR-assisted multifamily new construction, at least 51% of total units must be income-restricted and occupied by LMI households to meet the LMH national objective. Projects may restrict a higher percentage of units; the scoring criteria incentivize higher affordability set-asides

#### **2.4 Ineligible Activities**

Projects may be deemed ineligible if they:

- Do not demonstrate a direct tie-back to the disaster or its impacts.
- Are primarily for routine maintenance or operations.
- Do not meet a CDBG National Objective.
- Duplicate assistance already provided by FEMA, SBA, insurance, or other sources without proper Duplication of Benefits (DOB) documentation.
- Fail to comply with applicable federal requirements, including environmental review or procurement standards.

Homebuyer assistance is not included as an activity under the County's 2024 CDBG-DR allocation and is not part of the New Construction Program. Only activities approved in the HUD-approved Action Plan may be funded, and the Action Plan does not include any DR-funded homebuyer assistance programs.

### **Section 3: Income Eligibility & Determination**

In accordance with 24 CFR 570.208 and HUD's Universal Notice, all housing activities funded under the CDBG-DR New Construction Program must meet a national objective, Low- and Moderate-Income (LMI) benefit. Households assisted must qualify as LMI ( $\leq 80\%$  of Area Median Income [AMI]) at the time of occupancy or assistance. For CDBG-DR-funded new construction, IGD/CD and the owner/developer are responsible for ensuring that households meet applicable income requirements and that project design incorporates mitigation measures identified in the Action Plan to reduce future disaster risk.

Per the approved Action Plan, eligible applicants include local governments and nonprofit organizations. Nonprofit developers may apply under this category. Private for-profit developers are not eligible unless specifically authorized by HUD and reflected in an Action Plan amendment. Ownership of completed rental units will be consistent with the Action Plan:

- **Rental Housing:** Owned and operated by local governments or eligible nonprofit organizations.
- **Homeownership Housing:** Sold to income-eligible households under terms that comply with CDBG-DR requirements and local affordability policies.

**1) Income Limits**

- Income limits are published annually by HUD and must be used to determine eligibility at the time of assistance.
- The income limits applicable are those in effect on the date of income determination.

**2) Methods of Determining Income**

- Household income must be determined using one of the following HUD-approved methods:
- Part 5 (Section 8) Annual Income Definition – as defined in 24 CFR 5.609.
- IRS Form 1040 Adjusted gross income.
- Other HUD-approved methods as permitted under DR Notices.

**3) Documentation and Verification**

- Income must be verified through source documentation (e.g., pay stubs, benefit letters, bank statements).
- Third-party verifications should be used where feasible; self-certification is not acceptable unless HUD issues disaster-specific waivers.
- Verification must not be more than six months old at the time of project commitment.

**Section 4: Affordable Rent Standards and Affordability Enforcement**

In accordance with HUD CDBG-DR requirements and the approved Action Plan, rental housing funded through CDBG-DR must meet the following affordability standards:

**1) Affordable Rent Definition**

Affordable rents for CDBG-DR-assisted units will be based on income-based rent limits, calculated as follows:

- Rents may not exceed 30% of the annual income of a household whose income is 65% of Area Median Income (AMI), adjusted for unit size; or
- Lower project-specific rent limits required by another funding source, when applicable.

For projects containing five or more CDBG-DR-assisted units, at least 20% of assisted units must be reserved for households at 50% AMI, with rents capped at:

- 30% of a household’s annual income at 50% AMI, or
- 30% of the household’s adjusted income if a unit receives project-based subsidy and tenant contribution is limited to 30%.

Rent limits include utilities or a utility allowance and must be updated annually.

**2) Affordability Timeframes**

The minimum affordability period for CDBG-DR-funded rental housing will be consistent with the Action Plan and any applicable HUD waivers or alternative requirements. Generally:

- New construction rental housing 20 years minimum IGD/CD will coordinate with all funding sources to determine the appropriate affordability period for each project.

### 3) **Enforcement Mechanisms**

Affordability requirements will be enforced through recorded deed restrictions, covenants running with the land, or other HUD-approved restrictive instruments. These instruments will

- run with the land and remain binding on all successors and assigns for the full affordability period
- give St. Clair County the right to require specific performance, injunctive relief, and other legal or equitable remedies to ensure compliance
- apply without regard to the term or payoff of any loan or mortgage, any repayment of the CDBG-DR investment, or any transfer of ownership; and
- be recorded in the chain of title in accordance with Illinois state recordation laws prior to final disbursement of CDBG-DR construction funds

### 4) **Occupancy Requirements**

All CDBG-DR-assisted rental units must be occupied by income-eligible households as defined in the Action Plan. If units are not occupied within six months of project completion, IGD/CD must implement corrective measures, including revising the marketing plan or other actions to achieve compliance.

Affordability restrictions will grant St. Clair County the right to require specific performance to ensure compliance throughout the affordability period. These restrictions will remain in effect regardless of loan payoff, repayment of CDBG-DR funds, or transfer of ownership, except that they may terminate upon foreclosure or transfer in lieu of foreclosure, consistent with HUD guidance. Non-compliance may result in corrective action or recapture of CDBG-DR funds using St. Clair County's proportional recapture method, as further detailed in the Resale/Recapture Policies section of this document.

### **Recording Requirements**

All affordability restrictions will be recorded in accordance with Illinois state recordation laws to ensure enforceability throughout the affordability period.

## **Section 5: Financial and Compliance Requirements**

### **5.1 Performance Monitoring**

Payments will only be initiated after execution of a contractual agreement and verification of Duplication of Benefits (DOB) compliance. All drawdowns must be processed through DRGR and supported by documentation in accordance with HUD requirements. County funds must be deposited into an account with a County-approved Title Company and maintained in a separate federally insured account, contractually bound through an agreement detailing release terms.

### **5.2 Risk management and Program Compliance**

In order to ensure the proper disbursement of grant funds, the County plans to remain in compliance with applicable CDBG-DR rules and regulations, as well as other applicable federal regulations such as Office of Management and Budget 2 CFR Part 200. The County will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement and accountability which may also be investigated.

All beneficiaries assisted under this program must be U.S. citizens, U.S. nationals, or lawful permanent residents, consistent with federal restrictions on eligibility for federal public benefits under 8 USC 1611. Verification of eligible immigration status must be documented in the project file.

The County will monitor the compliance of applicants and HUD will monitor the County's Disaster Recovery Program.

### **5.3 Steps to Avoid Fraud, Waste and Abuse of Funds**

The County will assess all program policies and procedures from an anti-fraud, waste, and abuse perspective. The County provides anti-fraud training to program staff annually. Anyone with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the County by sending a written report via U.S. mail to:

St. Clair County Intergovernmental Grants Department  
19 Public Square, Suite 200  
Belleville, IL 62220

or contact the HUD OIG Fraud Hotline at 1-800-347-3735 or email [hotline@hudoig.gov](mailto:hotline@hudoig.gov).

Refer to the Intergovernmental Grants Department's Anti-Fraud, Waste, and Abuse Policy, available on the County website at St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development.

### **5.4 Resale/Recapture Policies**

In accordance with 87 FR 6364, St. Clair County is required to establish resale or recapture provisions for applicable housing programs funded under CDBG-DR. These provisions ensure compliance with affordability requirements for newly constructed single-family housing (four units or less) purchased by low- and moderate-income (LMI) households. The minimum affordability period shall follow HOME requirements 24 CFR 92.254 (a)(4) and be enforced through recorded deed restrictions, covenants, or similar mechanisms.

#### **Exception:**

Resale and recapture requirements do not apply to housing units constructed or reconstructed for an owner-occupant replacing a home damaged by the disaster.

*Resale and recapture provisions are not applicable to the proposed programs under this Action Plan.*

### **5.5 Program Income Management**

St. Clair County does not anticipate any program income to be generated by CDBG-DR-funded new construction activities. Program income is defined under 24 CFR 570.489 and 24 CFR 570.504 as the gross income received by St. Clair County or any of its subrecipients that is directly generated from the use of CDBG-DR funds. Examples include proceeds from the sale or lease of property acquired or improved with CDBG-DR funds, or fees for services performed using CDBG-DR resources. If program income is generated, St. Clair County will manage and use such income in accordance with HUD's Universal Notice, applicable Federal Register Notices, and the approved CDBG-DR Action Plan.

#### **Requirements for Program Income**

- **Tracking and Maintenance**

All program income will be tracked and maintained by St. Clair County in compliance with HUD requirements.

- **Use of Program Income**

- Up to 5% of program income may be used for administrative costs by St. Clair County, units of local government, or other subrecipients.
- Program income must be used or distributed before additional withdrawals from the U.S. Department of Treasury are made.
- Program income will be treated as additional CDBG-DR funds and is subject to all requirements of the Consolidated Notice and the approved Action Plan.

- **Transfer to Annual CDBG Program**

St. Clair County may transfer program income to its annual CDBG program before grant closeout, consistent with HUD guidance.

All program income transactions will be documented in project files and reported in DRGR. Supporting documentation must include:

- Source and amount of program income.
- Date received and date expended.
- Activity and national objective associated with the use of program income.

## **Section 6: Duplication of Benefits (DOB)**

As provided by the Stafford Act (42 U.S.C. 5121-5207, Section 31), duplication of benefits is prohibited. IGD/CD will continuously monitor for compliance with this requirement. FEMA, NFIP, private insurers, SBA, U.S. Army Corps of Engineer/architect/project managers, and other agencies will be contacted, and data-sharing agreements established to ensure no duplication occurs.

CDBG-DR funds will not be used for activities for which funds have been received (or will be received) from FEMA, NFIP, private insurers, SBA, U.S. Army Corps of Engineer/architect/project managers, or other sources. Assistance may only be provided to the extent that a disaster recovery need remains unmet. Applicants must disclose all sources of assistance applied for, received, or anticipated on the Duplication of Benefits Form (see DOB Policies and Procedures at: *St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development*). All applicants will sign an application and contract verifying sources and agreeing to repay any duplicative assistance received during or after the contract term.

The County will verify application information before award or contract execution using data from FEMA, SBA, private insurance, etc. Unique budget codes will be established for all projects, and expenditures tracked in MIP software. Any findings of duplication will be reported to the Director, Finance, Law Department, and HUD. Recapture actions will follow the County's Policy.

### **6.1 DOB Framework for Housing Activities**

IGD/CD will follow the process outlined in Appendix C of the Universal Notice for each beneficiary and maintain documentation in the project file:

1. **Assess Applicant's Total Need**

Determine the full cost to repair, replace, or rebuild the home, including eligible expenses.

2. **Identify Total Assistance**

Document all sources of assistance received or anticipated (FEMA, SBA, insurance, charitable aid, etc.).

3. **Exclude Non-Duplicative Amounts**  
Remove assistance that does not duplicate CDBG-DR eligible costs (e.g., funds for personal property).
4. **Exclude Funds for a Different Purpose**  
Deduct assistance used for purposes unrelated to housing repair/replacement.
5. **Exclude Funds for Same Purpose, Different Allowable Use**  
Deduct assistance applied to housing but for costs not eligible under CDBG-DR.
6. **Identify Final DOB Amount and Calculate CDBG-DR Award**  
Subtract all duplicative assistance from total need to determine unmet need and award amount.
7. **Reassess Unmet Need When Necessary**  
If additional assistance is received after award, IGD/CD will recalculate and recapture funds as needed.

## **Section 7: Labor Provisions and Construction Compliance**

### **7.1 Davis-Bacon**

In accordance with 24 CFR 570.603 and the Davis-Bacon and Related Acts (DBRA), every CDBG-DR funded construction contract over \$2,000 for public facilities or public improvements must include provisions requiring the payment of prevailing wages set by the U.S. Department of Labor. Davis-Bacon Act applies to projects with eight or more units.

#### **1) Prevailing Wage Determinations:**

CDBG-funded construction contracts must include the applicable DOL wage determinations, ensuring that all laborers and mechanics are paid no less than the prevailing wages for their job classification and location.

#### **2) Applicability Across Projects:**

Davis-Bacon applies regardless of the number of units when HUD funds are used for new construction projects. *Contractors may not split projects into multiple contracts to avoid Davis-Bacon requirements.*

#### **3) On-Site Compliance & Enforcement:**

- Conducting on-site inspections and worker interviews
- Collecting and reviewing certified weekly payroll reports
- Requiring correction of any labor standards violations
- Maintaining proper documentation of enforcement activities
- Ensuring compliance certification before processing any contractor payments

## **Section 8: New Construction and Property Standards**

### **8.1 Underwriting Standards**

IGD/CD will conduct subsidy layering and underwriting reviews per 2 CFR 200.404 and HUD guidance to ensure cost reasonableness and project viability. Reviews will include:

- Verification of total development costs against market benchmarks.
- Assessment of developer capacity and financial feasibility.
- Confirmation that no excess federal assistance is provided. All underwriting documentation

will be retained in the project file and subject to HUD monitoring.

## **8.2 Disaster Mitigation**

Projects must incorporate mitigation measures identified in the Environmental Review (24 CFR Part 58) and align with the County's Multi-Hazard Mitigation Plan. In accordance with HUD's Universal Notice and 24 CFR Part 570, St. Clair County shall allocate no less than 15% of its CDBG-DR funds toward eligible mitigation activities. These activities will be informed by the County's 2024 Multi-Hazard Mitigation Plan (MHMP) which is referenced in the CDBG-DR Action Plan and was updated to reflect current and future risks including flooding, tornadoes, extreme heat, and severe storms.

Mitigation activities will be incorporated into infrastructure, housing, and economic development programs. All mitigation-funded projects must:

- Increase resilience to future disasters
- Reduce long-term risk of loss of life, injury, property damage, and hardship
- Align with the Mitigation Needs Assessment included in the County's CDBG-DR Action Plan which can be located on the county website at [St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development](#)
- For any CDBG-DR-assisted structure located within a Special Flood Hazard Area (SFHA), the property owner must maintain NFIP-compliant flood insurance in perpetuity, as required by HUD.

The County will ensure that mitigation activities meet CDBG-DR eligibility requirements, a national objective, and are documented in accordance with HUD guidance. Mitigation measures will be integrated into project design and implementation, including engineer/architect/project management standards, elevation requirements, and climate-resilient construction measures.

Compliance will be monitored through documentation review, project tracking, and reporting in the Disaster Recovery Grant Reporting (DRGR) system.

All CDBG-DR-funded construction, reconstruction, and rehabilitation projects will incorporate hazard-resistant design features such as elevation above base flood elevation, wind-resistant roofing, and energy-efficient systems to reduce vulnerability to chronic stresses and extreme weather events. Resilience performance measures—including elevation standards, structural wind ratings, and energy efficiency benchmarks—will be identified during project design and recorded in DRGR as required by HUD. These measures will be verified through engineer/architect/project management certifications and documented in project files to ensure compliance with the County's Multi-Hazard Mitigation Plan and HUD guidance. Mitigation and resilience measures will be incorporated into project timelines and monitored at key construction milestones. IGD/CD will require documentation of these measures prior to payment release and project closeout to ensure timely implementation consistent with HUD's timeliness requirements. Mitigation and resilience measures will also be incorporated into project specifications and procurement documents and entered as resilience performance measures in DRGR under HUD's required fields. IGD/CD will verify implementation through engineer/architect/project management certifications at construction milestones and maintain documentation for HUD monitoring.

## **8.3 Warranty Requirements**

- A minimum one-year warranty on all construction work is required, starting from the date of

- project completion.
- IGD/CD will provide formal notifications to beneficiaries at project completion and one month before warranty expiration to remind them of coverage and how to request repairs.
- Warranty terms must be included in the construction contract, written agreement, and project file.
- IGD/CD will maintain a tracking system to ensure timely notifications and resolution of warranty claims.

**8.4 Flood Insurance**

Any CDBG-DR–assisted structure located within a FEMA-designated Special Flood Hazard Area (SFHA) must maintain National Flood Insurance Program (NFIP)-compliant flood insurance in perpetuity, consistent with federal floodplain management requirements and HUD’s Universal Notice. IGD/CD will require documentation of ongoing flood-insurance coverage as part of long-term compliance and will include this requirement in all applicable written agreements, covenants, and project files.

**Section 9: Performance and Compliance Procedures**

**9.1 Record-Keeping Requirements**

Accurate and thorough record-keeping is essential to ensure compliance with federal regulations and facilitate reviews and audits related to the administration of HUD-funded programs, including CDBG-DR. These requirements are governed by 24 CFR 570.506 unless otherwise modified by applicable Federal Register Notices. IGD/CD will maintain records sufficient to document compliance, support financial and performance reporting, and respond to monitoring or audit inquiries.

Category	Required Records
<b>General Administration</b>	<ul style="list-style-type: none"> <li>- Award Letter</li> <li>- Application</li> <li>- Executed Written Agreements &amp; Amendments</li> <li>- Eligibility and National Objective Determinations</li> <li>- Environmental Review Record (ERR)</li> <li>- Notice to Proceed</li> </ul>
<b>Applicant &amp; Ownership Documentation</b>	<ul style="list-style-type: none"> <li>- Ownership documentation (government or nonprofit)</li> <li>- Affordability agreements and monitoring plans</li> <li>- Capacity documentation for property management</li> </ul>
<b>Procurement &amp; Contractor Selection</b>	<ul style="list-style-type: none"> <li>- Procurement Method Rationale</li> <li>- Contract Selection Criteria</li> <li>- Contractor Evaluations and Decisions</li> <li>- Cost or Price Analysis Results</li> <li>- Procurement Policy and Documentation</li> <li>- Bid Tabulation &amp; Award</li> <li>- Bids Received (minimum of three)</li> <li>- Pre-Bid Sign-In Sheet</li> </ul>

Category	Required Records
	<ul style="list-style-type: none"> <li>- Bid Advertisement</li> <li>- Cost Analysis &amp; Specifications</li> <li>- Change Orders (if applicable)</li> </ul>
<b>Financial &amp; Compliance</b>	<ul style="list-style-type: none"> <li>- Financial Records Detailing Fund Use</li> <li>- Documentation of Funding Decisions and Selection Criteria</li> <li>- Certified Payrolls (General Contractor/Subcontractors)</li> <li>- Payment Bond (General Contractor)</li> <li>- Executed Contracts (General Contractor-Subcontractor &amp; Subrecipient-General Contractor)</li> <li>- Compliance Records (including demographic data)</li> <li>- EPLS Verification (<a href="http://www.sam.gov">www.sam.gov</a>) (General Contractor &amp; Subcontractor)</li> <li>- Contact Sheets &amp; List of Subs</li> <li>- HUD Program Certifications</li> </ul>
<b>Construction Documentation</b>	<ul style="list-style-type: none"> <li>- Plans, specifications, and engineer/architect/project management certifications</li> <li>- Building permits and inspections</li> <li>- Resilience performance measures (elevation certificates, wind load compliance, energy efficiency benchmarks)</li> </ul>
<b>Beneficiary Documentation</b>	<ul style="list-style-type: none"> <li>- Income eligibility verification for assisted households</li> <li>- Homebuyer agreements and closing documents (if applicable)</li> </ul>
<b>Labor Standards &amp; Section 3 Compliance</b>	<ul style="list-style-type: none"> <li>- Labor Standards Compliance Documentation</li> <li>- Davis-Bacon Wage Decision and Interviews (All Workers on Project)</li> <li>- Section 3 Reports (Monthly)</li> </ul>
<b>Monitoring &amp; Reporting</b>	<ul style="list-style-type: none"> <li>- Internal monitoring checklists</li> <li>- DRGR reports and supporting documentation</li> <li>- HUD correspondence and approvals</li> </ul>
<b>Public Access &amp; Transparency</b>	<ul style="list-style-type: none"> <li>- Records of Past Use of Funds (available to the public per state/local privacy laws)</li> </ul> <p>Residents shall also be provided reasonable access to records regarding the past use of CDBG-DR funds, consistent with state and local privacy laws.</p>

### **File Retention**

Records shall be retained for a minimum period of three years from the closeout of the grant or for the period required by other applicable laws and regulations, including those outlined in 24 CFR 570.487 (CDBG) and 2 CFR 200.334 (CDBG-DR). Supporting documentation must be maintained to verify compliance with all programmatic and financial requirements and to support audits, monitoring, and performance reporting.

## **Performance Reporting**

Owners and developers participating in CDBG-DR-funded new construction activities must submit all reports required under their executed agreements with IGD/CD, including progress updates, compliance certifications, and documentation of resilience measures.

IGD/CD will submit Quarterly Performance Reports (QPRs) in DRGR as required by HUD's Universal Notice [90 FR 1754](#) and applicable Federal Register Notices. These reports will include:

- Financial expenditures and drawdowns.
- National Objective compliance per [24 CFR 570.208](#).
- Beneficiary demographic data.
- Mitigation and resilience performance measures, as required by the Universal Notice.

All supporting documentation must be maintained in project files in compliance with [24 CFR 570.506](#) (recordkeeping) and [2 CFR 200.334](#) (retention). Reporting will follow HUD guidance for DRGR and ensure alignment with the approved Action Plan.

## **9.2 Project Closeout Procedures**

Upon completion of a CDBG-DR-funded new construction project, IGD/CD initiates closeout procedures to ensure compliance with all federal requirements, proper reconciliation of funds, and transition into the affordability monitoring phase. This process aligns with HUD's Universal Notice (90 FR 1754), [24 CFR 570.506](#), and CPD Closeout guidance.

### ***Closeout Process***

#### **1. Readiness Criteria**

- All activities are complete and meet a CDBG national objective ([24 CFR 570.208](#)).
- All funds expended or de-obligated; expenditure deadlines met.
- No regulatory caps exceeded (e.g., administration, public services).
- All monitoring and audit findings resolved.

#### **2. Construction Completion**

- Final inspection conducted by IGD/CD.
- Receipt of Certificate of Occupancy and documentation of resilience measures (e.g., elevation certificates, energy efficiency benchmarks).

#### **3. Final Draw and Reporting**

- Submission of final draw request with supporting documentation.
- Reconciliation of all CDBG-DR funds and verification of program income.
- Title company submits check register and final draw report.

#### **4. DRGR Project Completion**

- Budget Analyst completes DRGR closeout steps and marks project complete.
- Submission of Final Quarterly Performance Report (QPR) in DRGR.
- Submission of SF-425 Federal Financial Report to HUD.

#### **5. Closeout Agreement**

- IGD/CD executes a formal closeout agreement with HUD, including repayment provisions for disallowed costs and post-closeout responsibilities.

#### **6. Compliance Verification**

- Confirm national objective compliance and documentation of beneficiary data.
- Verify environmental review completion and labor standards compliance.

- Ensure duplication of benefits (DOB) analysis is documented.
- 7. **Post-Closeout Oversight**
  - Establish plan for ongoing affordability monitoring during the required period.
  - Document procedures for managing program income generated after closeout.
- 8. **File Finalization and Archiving**
  - All documents filed according to the checklist and stored securely.
  - Records retained for three years after grant closeout or longer if required by 2 CFR 200.334 and 24 CFR 570.487.
  - Archived records must remain accessible for HUD audits or reviews.

## Section 10: Affordability Period Monitoring

Per 24 CFR Part 570 and applicable CDBG-DR Federal Register Notices, all CDBG-DR-assisted rental units developed through new construction are subject to an affordability period based on the amount and type of CDBG-DR investment. IGD/CD must monitor ongoing compliance with occupancy, rent/income limits, and property condition standards throughout this period, consistent with Universal Notice requirements.

IGD/CD will conduct inspections at key construction milestones and at project completion to verify compliance with applicable codes and standards. Inspection reports will be retained in the project file for the duration of the affordability period.

### 1. Affordability Period Requirements

The minimum affordability period for CDBG-DR-assisted rental housing is established in the Action Plan and Federal Register guidance. Unless otherwise specified, the following standards apply:

CDBG-DR Investment per Unit	Minimum Affordability Period
< \$15,000	5 years
\$15,000–\$40,000	10 years
> \$40,000 or new construction	20 years

However, IGD/CD works with all funding sources to determine the appropriate affordability timeframes for each project to ensure compliance with all applicable requirements.

### 2. Compliance Monitoring During Affordability Period

#### a) Rental Housing

- **Annual review of tenant income certifications** to ensure compliance with income eligibility requirements.
- **Annual rent limit verification** against HUD-published limits and Action Plan requirements.
- **Periodic on-site inspections** to confirm property standards compliance (frequency based on project size and UN requirements).
- **Maintenance of unit mix and set-asides** for low-income tenants as committed in the written agreement.
- **Recordkeeping:** Maintain documentation of income certifications, rent

schedules, and inspection reports for the entire affordability period.

b) **Homebuyer Housing** (*if applicable under DR program*)

- Enforce resale/recapture provisions throughout the affordability period.
- Monitoring triggered upon resale or transfer of property.

**3. Changes During the Affordability Period**

If a unit becomes noncompliant (e.g., sold without proper recapture, not rent-restricted, or fails property standards), IGD/CD will take corrective action consistent with the Universal Notice, which may include requiring repayment of CDBG-DR funds invested in the unit.

**Affordability Requirements Apply Regardless of Financing or Ownership Changes**

These requirements remain in effect for the full affordability period without regard to:

- The term or payoff of any loan or mortgage;
- Repayment of the CDBG-DR investment;
- Sale, transfer, or change in ownership of the property.

Violations identified during the affordability period will be addressed in accordance with the Enforcement Mechanisms and Recapture Policies outlined in this document.

## **APPENDIX I**

### **Additional Resources**

To access the following policies and procedures, along with other helpful information, please visit the St. Clair County website:

[St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development](#)

- St. Clair County Intergovernmental Grants Department Financial Policies and Procedures.
- St. Clair County IGD Environmental Policies and Procedures
- St. Clair County Public Facilities and Infrastructure Policies and Procedures
- St. Clair County CDBG-DR Policies and Procedures
- St. Clair County Lead Policies and Procedures Manual
- St. Clair County Duplication of Benefits Policies and Procedures
- St. Clair County Anti-Displacement and Relocation Policies and Procedures
- St. Clair County IGD Anti-Fraud, Waste, and Abuse Policies and Procedures
- St. Clair County IGD-CD Section 504 Policy
- St. Clair County IGD Compliance Monitoring Policies and Procedures Manual

## **APPENDIX II**

### **HOME New Construction – Flow**

- 1) Developer contacts the Community Development division of St. Clair County Intergovernmental Grants Department (IGD) about a proposal for a new construction multi-family housing project.
- 2) IGD provides the developer with a link to the application, taken from the Department of Housing and Urban Development (HUD's) website: [HUD Forms | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#).
- 3) The developer submits the application and the required documentation. A New Construction Checklist and Front-End Documents (BABA, Section 3, MBE/WBE, Davis Bacon, Procurement Bids & Contracts etc.) are sent to the developer for review.
- 4) IGD goes through the Underwriting process to determine if the project can be funded.
- 5) Once funding is confirmed to meet IGD requirements, a Conditional HOME Funding Commitment letter (that includes loan amount, interest rate, term, repayment) is signed by the IGD Executive Director. Conditional commitment is made subject to approval of all project funding sources, IGD review/approval of all project documents, environmental review, and IGD approval of the project's final budget.
- 6) The Environmental Review process is initiated by the project engineer/architect/project manager which will be an Environmental Assessment level of review in the HUD HEROS system. New Construction projects require a phase 1 environmental site assessment and phase 2 (if necessary) to meet the Contamination Laws and Authorities of the review. IGD, as the responsible entity, is responsible for submitting activity consultation letters to the appropriate Tribes. Tribes may request a Cultural Resource Survey prior to sending approval for the activity to move forward. IGD will assist the engineer/architect/project manager in completing the EA in HEROS, if necessary, and will review the completed EA. Following approval, IGD will create and post on the County website the Notice of Intent/Request for Release of Funds (NOI/RROF) publication. If no objections are received during the 15-day publication period, The County Certifying Officer will sign the RROF which is attached to the HEROS EA. The EA will then be assigned to the appropriate HUD office for their 15-day review/comment period followed by the signature of the Authority to Use Grants Funds (AUGF) by the HUD Authorizing Officer. A printed version of the ERR and AUGF will be kept at the IGD office. IGD informs the engineer/architect/project manager of completion of the Environmental Review along with a scanned copy of the completed AUGF and assigns the Environmental Review back to the engineer/architect/project manager for their records.
- 7) St. Clair County insurance requirements example of the Certificate of Liability Insurance is sent to the developer for the Owner and General Contractor to review. COI docs are submitted to Pam Dougherty in the Fiscal department. She submits the docs to the Human Resources department for approval.

- 8) Developer submits other project documents: letters of support for project, title insurance, conditional funding commitment letters.
- 9) Loan documents are drafted (HOME Agreement, HOME Agreement to Provide Insurance, HOME Disclosure Statement, HOME Note, and HOME Mortgage) and sent to developer/owner/attorneys for review. Escrow Agreement is submitted to IGD for approval.
- 10) Remote closing - Once all parties have submitted changes and agree to final docs, documents are circulated for signatures. The attorney's office gives directions on how/where docs should be sent; for example, an overnight label is sent to IGD. If the title company is local, some documents may need to be physically dropped off at the title company office. All fully executed IGD original docs must be returned to IGD. Copies of all other fully executed loan docs must be sent to IGD.
- 11) Contractor submits invoices etc. to the title company during construction. Emails are sent for approval on disbursing funds. IGD gets copies of all draw requests, even when IGD funds are not part of the draw. When IGD funds are being used for a draw, required payment documents (IDIS Set Up, Budget, Drawdown, Disbursement Authorization, and backup documentation) are submitted to the Budget Analyst.
- 12) Contractor submits payrolls throughout construction for Davis Bacon compliance. If Davis Bacon doesn't apply to the project, payrolls are still submitted to IGD for review. Contractor submits Section 3 and BABA information.
- 13) Once construction is completed and final inspection is conducted, IGD requires copies of the Certificate of Occupancy, Lease Up Advertisement and Lease With Rents.
- 14) IDIS Completion Form is submitted to the Budget Analyst.
- 15) Check register and draw report are requested from the title company after project is completed.
- 16) All tenants' income for designated HOME units must be verified to be eligible for occupancy. Tenant info (Income/Lease/General Release Form/Rent Calculation) and Unit Information Fact Sheet must be maintained in the file.
- 17) The project annual maintenance schedule is for the duration of the contracted Period of Affordability: Financial Statements and Payment Info.
- 18) Each HOME unit annual maintenance schedule is for the duration of the contracted Period of Affordability: Annual Inspections, Annual Tenant Income Re-Certification, Annual Tenant Rent Calculation and Annual Tenant Lease.
- 19) Files are retained for the contracted Period of Affordability and then archived. File retention and record keeping are in accordance with HUD requirements and 24 CFR 92.508.

## APPENDIX III

### HOME New Construction Financial Reimbursement Procedures

#### *Invoicing Reimbursement Procedure*

In accordance with the contractual requirements for project reimbursement, the owner/developer shall adhere to the following procedure to receive reimbursement for new construction eligible expenses:

- 1) A signed invoice billing package including, request for payment cover sheet, a summary of expenditures, vendor forms must be completed with supporting documentation.
- 2) Supporting documentation at shall include a copy of vendor invoices, proof of payment received by the vendor, release of liens (if applicable), cancelled checks, paid bills, payrolls, time and attendance records, contract award documents, etc...
- 3) Upon receipt of the complete invoice reimbursement package, the IGD/CD shall review eligible costs and submit it to the County's Finance Group to issue payment.
- 4) After payment is issued, the County will complete IDIS draw down to reimburse the County from HOME funds provided by the U.S. Treasury.

#### *Match Procedure*

Owners/developers will be required to document eligible match for each project undertaken with HOME funds in accordance with eligible match requirements as described above policy section. Upon completion of each project, owner/developer shall provide a report to the County with the following:

- 1) Project Number
- 2) Date Project Committed
- 3) Project Address
- 4) Project Type
- 5) HOME funds Expended
- 6) Date HOME funds Expended
- 7) Amount of Match Liability Incurred
- 8) Value of Match Contribution
- 9) Type of Match
- 10) Date Match Recognized

IGD/CD staff shall collect all match information reported by the owner/developer for record keeping and reporting purposes.

Match Procedures are in compliance with all applicable regulations which can be located at [HOME Match | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#).

# APPENDIX IV

## HOME New Construction File Checklist

### NEW CONSTRUCTION FILE CHECKLIST Address/Description

- |           |       |   |
|-----------|-------|---|
| Exhibit 1 | _____ | <b>1. Development Proposal &amp; Funding Feasibility Narrative</b><br>___Market Study   ___Location Map   ___Photos   ___Site Plans   |
|           | _____ | <b>2. HUD Application</b><br>___Requirements   ___Rents and Income   ___Development Costs<br>___Replacement Reserve   ___Construction Schedule   ___LIHTC Basis<br>___Operating Expenses   ___First Mortgage Sizing   ___Sources & Uses<br>___Pro Forma Assumptions   ___Operating Pro Forma<br>___Administrative Record   ___Project Summary |
|           | _____ | <b>3. Developer Underwriting</b><br>___Experience & References   ___Development Team Qualifications<br>___Property Management Staff   ___Financial Statements<br>___Status of Current Projects & Holdings   ___Debarment Status<br>___Incorporation Documents   ___SAM Registration<br>___Certificate of Good Standing                        |
|           | _____ | <b>4. Letters of Support For Project – Conditional Funding Commitment Letters – Certification of Consistency With Consolidated Plan</b>   |
|           | _____ | <b>5. Environmental Reviews</b>   |
|           | _____ | <b>6. Title Insurance</b>   |
| Exhibit 2 | _____ | <b>7. Home Agreement – Note – Mortgage – Disclosure Statement – Agreement to Provide Insurance – Other Mortgage Info – Escrow Agreement</b>   |
|           | _____ | <b>8. Letter to Detail Documentation &amp; Payment Due Dates</b>  |
|           | _____ | <b>9. Insurance</b>   |
| Exhibit 3 | _____ | <b>10. Drawdowns – Payment Applications</b>   |
|           | _____ | <b>11. Copies of Procurement</b><br>___Bids   ___Contracts  |
|           | _____ | <b>12. Progress Reports For Construction</b>  |
|           | _____ | <b>13. Inspection Reports</b>   |
|           | _____ | <b>14. Payrolls</b>   |
|           | _____ | <b>15. Final Inspection – Certificate of Occupancy</b>  |
| Exhibit 4 | _____ | <b>16. Advertisements For Lease Up</b>  |
|           | _____ | <b>17. Copy of Lease With Rents</b>   |
|           | _____ | <b>18. Emails/Misc.</b>   |
| Exhibit 5 | _____ | <b>19. Designated Home Units</b><br>___ Tenant Info (Income/Lease/General Release Form/Rent Calculation)<br>___ Unit Information Fact Sheet   |

<b>MONITORING</b>
-------------------

- |  |
|--|
| ___Annual Financial/Pay Info   ___Annual Inspections   ___Annual Tenant Income Re-Certification<br>___ Annual Tenant Rent Calculation   ___Annual Tenant Lease |
|--|

## **APPENDIX V**

### **CDBG-DR Flow for New Construction Housing Projects**

#### **PART I: PROJECT PROCUREMENT**

- 1) **CDBG-DR NEW CONSTRUCTION APPLICATION FORMS REVIEWED.**  
IGD staff will review application and grading sheets, making necessary modifications. The funding application process is for CDBG-DR New Construction funds.
- 2) **APPROXIMATE FUNDING WILL BE DECIDED UPON.**  
Approximate funding amounts will be determined based on the 2024 CDBG-DR allocation. Requests for proposals are advertised on the county website and department facebook for CDBG-DR New Construction housing projects. In addition to requests for proposals postings, the county website and department facebook page will also be used to notify residents when applications for housing activities are open and when public hearings on CDBG-DR plans or projects are scheduled. Notices will include deadlines, hearing details, and links to relevant documents.
- 3) **TECHNICAL ASSISTANCE MEETING HELD.**  
IGD will provide technical assistance for CDBG-DR New Construction applicants and their engineer/architect/project manager, if needed. IGD staff will discuss any changes or answer questions regarding the applications. The County requires a minimum of 15% Minority Business Enterprise (MBE) participation in every project, if feasible.
- 4) **COMPLETED APPLICATIONS RETURNED TO IGD.**  
CDBG-DR New Construction applicants will be given a specified deadline to complete and return applications. A deadline is included in the application. Applications received after the deadline will be held but will not be reviewed or considered for award. When applications are received and date stamped, they are to be given to the Budget Analyst. The Budget Analyst will collect, log the applications, confirm low/moderate income percentages, and prepare the review cover sheet for each application.
- 5) **COMPLETED APPLICATIONS REVIEWED.**  
IGD staff will review applications for eligibility and will score them based on a rating sheet that uses factor including underwriting standards, community need, past performance, and percentage of low/mod income population. All projects must be eligible under Code of Federal Regulations (24CFR, 570.200(a) (2); 570.201; 570.207 & 570.208). Only eligible projects will be reviewed and ranked. The scoring is only a general indication of the critical need to fund the project, and highest-scoring projects may not necessarily be recommended. The staff recommendations are given to the Community Development Coordinator and IGD Executive Director for their review. They may modify the staff recommendations of eligible projects, regardless of scoring, based on their knowledge of County needs. The highest-scoring eligible projects may not necessarily be recommended. The Executive Director will review the projects with the County Board Chairman for approval. Recommendations may be submitted to the County Board Grants Committee for approval. He may also modify staff recommendations, based on his knowledge of County needs. The highest-scoring projects may not necessarily be selected for County Board approval.

- 6) COUNTY BOARD APPROVES ACTION PLAN AND BUDGET.  
IGD will prepare ranking sheets, budget and action before sending to the County Board Chairman for approval.
- 7) CONGRATULATORY LETTERS SENT.  
IGD staff will prepare letters for the County Board Chairman's signature to send to applicants receiving funding recommendations. This is not an "Authorization to Proceed Letter". It states that IGD will be in contact with funded communities.
- 8) REGRET LETTERS SENT.  
IGD staff will prepare letters for the IGD Executive Director's signature to send to those applicants whose project applications were not funded, including applications submitted after the date/time deadline. Again, if required information is not provided by the specified deadlines the application will be denied. Extensions of time are only granted for extenuating circumstances and must be approved by the CDBG Coordinator. There are no exceptions/appeals if the file is denied for inadequate documentation. Any other appeals must be submitted in writing within 20 days of the date of the regret letter.
- 9) RESULTS ADDED TO DRAFT ANNUAL ACTION PLAN.  
The proposed projects/funding amounts will be available for public review and comment.

## **PART II: CDBG-DR NEW CONSTRUCTION CONTRACT AND MORTGAGE DOCUMENTS AND MORTGAGE DOCUMENTS ADMINISTRATION**

- 1) ENVIRONMENTAL REVIEWS COMPLETED  
IGD staff will complete environmental forms/process for each proposed project. Budget Analyst completes Request for Release of Funds which must be signed by the County Board Chairman.
- 2) PROJECT BUDGET PREPARED  
The IGD staff assigned to the applicant prepares budget/job costs on each contract and mortgage documents
- 3) CONTRACT AND MORTGAGE DOCUMENTS S WRITTEN  
Specific project information is supplied by project application or preparer with specific geographic location, project description, and budget information is added to complete the contract and mortgage documents. Contract and mortgage documents to include compliance with all applicable federal/state regulatory requirements.
- 4) DUPLICATION OF BENEFITS AND SUBROGATION REQUIREMENT  
All CDBG-DR contracts and mortgage documents will include a clause requiring the beneficiary to sign a Subrogation Agreement. This agreement states that if the beneficiary later receives other assistance for the same purpose (e.g., insurance, FEMA, SBA), they agree to repay St. Clair County up to the amount of CDBG-DR funds provided. This requirement complies with HUD's Universal Notice and prevents duplication of benefits. The signed agreement will be retained in the project file prior to any disbursement of funds.

5) IN-HOUSE REVIEW BEGINS

IGD staff to confirm CDBG-DR funds are in St. Clair County letter of credit.

- i. Contract and mortgage documents submitted to CD Programs Coordinator and County Board Chairman before being sent to applicant to check for accuracy.
- ii. The documents are then sent to the applicant for authorized signatures with cover letter requesting signature, attested and returned to IGD. Applicants are also asked to make copies of project contracts and mortgage documents for their own records.
- iii. When returned, cover sheet, contract and mortgage documents, and “Authorization to Proceed” letter sent for in-house signoff by CD Programs Coordinator and IGD Executive Director, then to County Board Chairman with tabs where his signature is required. Contract and mortgage documents must be attested by County Clerk and returned to IGD.

6) CONTRACT AND MORTGAGE DOCUMENTS ARE SENT TO APPLICANTS

An email is sent to applicants with notice to proceed once signed contract and mortgage documents are received and executed. The original contract and mortgage documents are kept in IGD/CD Division files.

7) IDIS SET-UP

The IGD staff assigned to each applicant completes HUD Integrated Disbursement Information System (IDIS) set-up sheets. Budget Analyst inputs project information in IDIS online.

8) IGD BID REQUIREMENTS PACKAGE PREPARED

IGD staff assembles a “Project Bid Package”, which should include Davis-Bacon (Prevailing Wage) Wage Decisions, and IGD Bid Specification Requirements (Front-end Documents). The package is sent to the applicant engineer/architect/project managing firm responsible for the project. The “Project Bid Package” will be included in the applicant bid package, following federal, state and local procurement requirements.

9) PLANS AND SPECIFICATIONS REVIEWED

One set of “Project Plans and Specifications” are submitted to IGD for review by IGD staff. If approved, an Authorization to Advertise for Bids is issued. One set of plans/specs is forwarded to Southern Illinois Builders Association (SIBA), along with a bid opening date from the Engineer/architect/project manager. Applicant engineer/architect/project managers must include any project addendums. All bids submitted for projects must be opened publicly, with IGD staff present if possible. A sign-in sheet is required to document attendance.

10) IGD reviews bids to ensure figures match application and that all IGD front-end documents are present and properly completed. IGD also verifies MBE and Section 3 compliance before issuing a Notice of Award.

11) PRE-CONSTRUCTION CONFERENCE SCHEDULED

After bids are tabulated, the tabulations along with copies of letters to unsuccessful bidders, an award letter from the community and contract and mortgage documents or, and certified advertisement for bids, are provided to IGD staff. Contract and mortgage documents or must submit Certificate of Insurance (COI) to IGD for approval. A preconstruction conference date is

set and held where the original bonds contract and mortgage documents are given to IGD, and a construction start date is set and a Notice to Proceed from the Engineer/architect/project manager and County is issued.

## 12) PROJECT IS MONITORED

IGD staff will:

- i. Maintain a ledger for each contract and mortgage documents, showing original amount of funds available, any funds added, and any payments made, with date of each transaction noted, along with back-up documentation.
- ii. Receive photographs taken during construction and after construction, provided by Engineer/architect/project manager
- iii. Interview project workers to assure wage and job assignments are correct
- iv. Review requests for payment/ invoices from general contract and mortgage documents. Requests must be accompanied by original documentation of work performed and paystubs. Payroll records must be sent even if no work was performed. Payroll records must be received and checked before making any payouts.
  - a. If applicable, Minority Business Enterprise (MBE) contract and mortgage documents or must submit invoices and weekly payroll records.
  - b. If applicable, Section 3 and BABA information must be submitted with payrolls.
- v. Section 3: The Grantee/project if applicable, must comply with Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development to the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area. Section 3 residents are; public housing residents, low and very low-income persons who live in the metropolitan area or non-metropolitan county where the HUD assisted project is located.
- vi. Buy America Build America (BABA): The Grantee/project must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notice, as may be amended, if applicable to the construction project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver. Communities must ensure all contract and mortgage documents or will be required to adhere to the build America/buy America Act, Public Law 117-58, Title IX, Subtitle A, Part 1 enacted November 15, 2021.
- vii. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION--LOWER TIER COVERED TRANSACTIONS. A person who is debarred or suspended shall be excluded from Federal financial and nonfinancial assistance and benefits under Federal programs and activities. The undersigned representatives of the BORROWER each certify, to the best of its knowledge and belief, that:
  - a) Neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this

contract and mortgage documents; and

- b) It will include the following clause without modification, in all proposals, agreements, contract and mortgage documents s, proposals, or other lower tier covered transactions: "Certification Regarding Department, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction: (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department. (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal."
- c) CDBG-DR Funds may not be used to directly or indirectly employ, award contract and mortgage documents to, or otherwise engage the services of any contract and mortgage documents or subrecipient during any period of debarment, suspension, or placement of ineligibility status. Prior to entering into any HUD-funded agreement, the County will be provided status of all known contract and mortgage documents or, subcontract and mortgage documents or (including sub-tier contract and mortgage documents or), consultants, and subrecipients for registration and UEI numbers in the System for Award Management (SAM), found at <https://www.sam.gov>.

The debarment/suspension status will be checked in the SAM system for the following entities:

1. Applicants, developers, and owners
2. Contractors
3. Subcontractor
4. Suppliers

### 13) PROJECT COMPLETION

When IGD funding is spent and IGD-funded construction is complete, IDIS setup/completion form will be submitted to the Budget Analyst, who will enter the project in IDIS as "complete". Multi-year projects will be considered as a single project and will not be considered "complete" until all years funding is spent, and IGD-funded construction finished. All final billing must be sent via certified mail and marked as "FINAL BILLING".

- i. All pay request signed by chief elected official of community submitted to IGD for payment. This must have final lien waivers and engineer/architect/project manager written approval accompanying financial documentation.
- ii. When a project is entered in IDIS as "complete" (using CDBG-DR funds) but continues with other sources of funds, monitoring will continue until the entire project is complete.

Anything out of the routine paper trail should be brought to the attention of the CD Program Coordinator for approval.

## **PART IV: CHANGE ORDERS/CONTRACT AND MORTGAGE DOCUMENTS AMENDMENTS**

### **CHANGE ORDERS**

IGD requires written authorization to any project Change Order calling for an increase or decrease in the original project contract and mortgage documents bid price with no additional CDBG-DR funds BEFORE the proposed additional work starts. IGD staff person administering that contract and mortgage documents will distribute a Change Order form to the project Architect or Engineer/architect/project manager at all Pre-construction Conferences. If there is an increase in cost of project over \$1,000.00 that the applicant will be responsible for, a new resolution must accompany the change order as documentation the applicant is aware of and approves of the additional cost the applicant will be responsible for. Proof of funds available from the applicant is required if applicant responsibility increases over \$1,000.00 from the original application.

It remains the responsibility of the monitoring Engineer/architect/project manager or Architect to complete the form and seek approval of all parties, such as (applicant/ developer/ owner, architect/engineer/architect/project manager, contract and mortgage documents or, and IGD) BEFORE performing any Change Order work. The IGD Program Specialist and CD Programs Coordinator must approve Change Orders in writing.

It is IGD policy for the applicant to enlist the services of a disbursement/ title company to disburse funds directly to the general contractor, engineer/architect/project managers, and subcontractors. An escrow/ disbursement agreement is part of the documentation that must be signed by all parties (applicant/ developer/ owner, general contractor, disbursement/ title company, IGD). This policy has been in effect for several years. IGD will not honor requests for reimbursements.

### **TIME EXTENSION REQUESTS**

Time extension requests will be submitted by the applicant (or engineer/architect/project manager on behalf of the applicant) in writing for approval by the Community Development Coordinator. The request should contain the reason for the extension request.

Contract and mortgage documents amendments for “time extension only” do not have to be reported to HUD or to the public but will still go through a review and signature process thru CDBG Program Coordinator.

All substantial changes will also be added to the Consolidated Annual Performance Evaluation Report (CAPER) for that year.

### **AUDITOR REQUESTS FOR INFORMATION**

When staff receive requests from applicant auditors for grant information, including amount and grant numbers, staff will forward the request, and the grant number, to the IGD Fiscal Division.

### **CLOSEOUT**

Program Specialist will complete IDIS closeout and provide to budget analyst. Assure file is complete and in compliance with HUD rules and requirements, including but not limited to all reports required and all documentation. All excess funds will be deobligated in IGD system and IDIS.

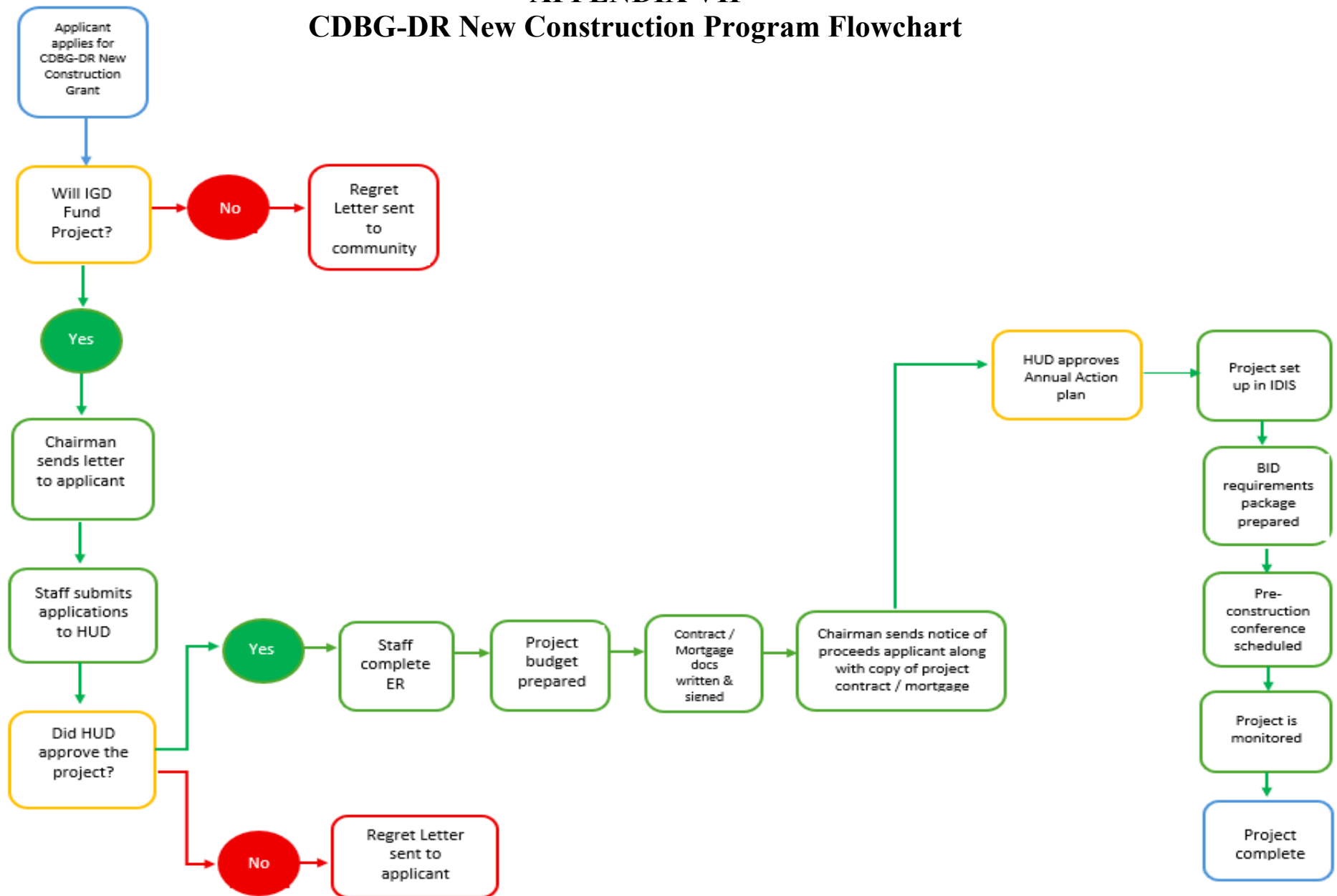
## APPENDIX VI

### Phases For New Construction Housing Projects Involving CDBG -DR Funding

1. **The applicant will enter into a New Construction contract with St. Clair County.** No activity/action on the said project shall begin until the contract and mortgage documents have been executed between both the municipality and the County.
2. **The applicant will notify St. Clair County IGD of their engineer/architect/project manager for the project and will forward a copy of the executed engineer/ architect/ project management agreement to IGD before engineer/architect/project managers' work begins on the project.**
3. **The engineer/architect/project manager will contact IGD for most recent IGD/HUD related forms and obtain latest federal wage decision for placement in the project bid documents.**
4. **The engineer/architect/project manager will forward to IGD a complete set of plans and specifications, including the advertisement, for IGD to review prior to the project being let.** IGD will review the plans and specs and providing they are in accordance with federal regulations and IGD requirements, IGD will issue to the engineer/architect/project manager a letter of Authorization to Advertise for Bids. The engineer/architect/project manager or applicant will publish the advertisement at least once in a newspaper of general circulation (such as the Belleville New Democrat or East St. Louis Monitor). In addition, the engineer/architect/project manager or applicant will supply Southern Illinois Builders Association (SIBA) with a full set of plans and specs.
5. **IGD will attend the Bid Opening and will review the required IGD documents contained in the bid documents.** Once the documents have been reviewed by both IGD and the engineer/architect/project manager, IGD will provide the engineer/architect/project manager a letter of Authorization to allow a Notice of Award to be issued for the applicant. *NOTE: if a bidder fails to complete and submit the IGD documents, the bid will be marked incomplete, and the applicant will not be able to issue a Notice of Award without possible loss of CDBG-DR funds.*
6. **The engineer/architect/project manager will provide IGD copies of a project bid tab, letters of non-award to other bidders, recommendation letter to applicants, signed Notice of Award, and certification of publication.**
7. **Once a Notice of Award is provided to the contract and mortgage documents or, the engineer/architect/project manager will schedule and notify all parties of a pre-construction meeting between the applicant, engineer/architect/project manager, contract and mortgage documents or, and IGD.** IGD will collect copies of performance/payment bonds, certificates of insurance, and other pertinent documents related to the project. Following review and approval by the County of all the pertinent documents, including insurance requirements, IGD will issue a Notice of Authorization to engineer/architect/project manager for the Execution of Contract and mortgage documents and the Notice to Proceed.
8. **The engineer/architect/project manager will notify IGD of the state date of construction,**

- when there are any breaks in construction, and change orders being implemented, and when the project is finished.** IGD will monitor the project by collecting site photos, on site employee interviews, and review change orders for approval.
9. **Disbursement/ title company requires funds.** Engineer/architect/project manager/ general contractor submit invoices to disbursement/ title company during construction. Disbursing agent emails IGD for approval on disbursing funds. They send status updates / photos from their inspector to verify work being done. IGD inspector periodically checks progress during construction. IGD approves disbursements after work verification and applicants/ owners signed approved.
  10. **The engineer/architect/project manager will forward any interim payments by the contract and mortgage documents or engineer/architect/project manager to the municipality for approval.** Once approved by the municipality, the original invoice with all payment documents including the signed IGD Disbursement Authorization will be forwarded to IGD to be processed and paid. The municipality should not pay invoices for the purpose of being reimbursed by IGD.
  11. **Following project completion, the engineer/architect/project manager will forward a copy of the engineer/architect/project manager certificate of approval and the disbursement/ title company sends final request for approval on disbursing funds.** IGD will release remaining grant funds one the applicant has expended the amount provided on the project as stated in their grant application and IGD has received all certified payroll and other documents related to payment.
  12. Request for proposal is advertised on IGD website and department facebook.
  13. IGD offers a technical assistance meeting if needed or they can email us with questions.
  14. A cover letter is prepared which lists information regarding scoring.
  15. 3-4 staff members will score the applications that are returned on time.
  16. After the scoring has been completed, the results will be put into 4 different sheets we use. Then the staff will hold a meeting to discuss the spreadsheets.
  17. The coordinator will take all the complied spreadsheets to the executive director, then to the Chairman for approval.
  18. St. Clair County IGD's environmentalist will start the environmental review, then it is to be approved by HUD. HUD will send a ROF when they approve.
  19. Once HUD has released the ROF, I will mail the award letter to the successful community with the contract and mortgage documents to be signed and returned. I will send letters of unsuccessful application to those not awarded.

## APPENDIX VII CDBG-DR New Construction Program Flowchart



**APPENDIX VII**  
**CDBG-DR (2024) New Construction Scoring Criteria**

Criteria Category	Description	Points Available
Financial Plan	<ul style="list-style-type: none"> <li>• Applicant has not demonstrated reasonable steps to secure adequate funding for project – 0 pts OR</li> <li>• Applicant has demonstrated reasonable steps to secure adequate funding for project – 5 pts OR</li> <li>• All funds needed to complete this project have been accounted for with exception of funds requested from IGD - 10 pts</li> </ul>	0, 5, or 10
Leverage of Funding	<ul style="list-style-type: none"> <li>• CDBG-DR funding would cover 76-100% percent of project costs - 5 pts OR</li> <li>• CDBG-DR funding would cover 51-75% percent of project costs -10 pts OR</li> <li>• CDBG-DR funding would cover 1-50% percent of project costs -15 pts</li> </ul>	5, 10, or 15
Project Readiness	<p>Level of planning remains and demonstrates ability to complete the project within five years. Projects that incorporate hazard-resistant design features or enhanced mitigation measures documented in plans, architectural drawings, or preliminary assessments will be viewed as demonstrating a higher level of project readiness.</p> <ul style="list-style-type: none"> <li>• Potential site is identified but not acquired – 0 pts OR</li> <li>• Site is acquired but not zoned for the proposed project use – 10 pts OR</li> <li>• Site is acquired and zoned for the proposed project use– 15 pts</li> </ul>	0, 10, or 15
Project Impact	<p>Project demonstrates a reasonable cost-benefit analysis and clearly identifies community impacts including:</p> <ul style="list-style-type: none"> <li>• Project does not demonstrate meaningful community benefits or measurable impact. — 0 pts</li> <li>• Project demonstrates moderate community benefits but lacks strong evidence or measurable outcomes. — 5 pts</li> <li>• Project shows clear community benefits to vulnerable populations and incorporates equitable recovery strategies. — 10 pts</li> <li>• Project demonstrates substantial, measurable, and well-documented community benefits; strongly advances equity; clearly aligns with mitigation and resilience goals. — 15 pts</li> </ul>	0, 5, 10, or 15
Mitigation & Resilience Measures	<p>Project incorporates hazard-resistant design features or enhanced mitigation measures that reduce future disaster risk and align with the County’s Mitigation Needs Assessment:</p> <ul style="list-style-type: none"> <li>• Meets minimum code requirements only — 0 pts</li> <li>• Project includes at least one enhanced mitigation feature (elevation or floodproofing; wind resistant design strategies; enhanced insulation/energy efficiency; fire resistant materials; water intrusion protection; backup power or emergency egress features) — 10 pts</li> <li>• Project incorporates multiple mitigation elements that clearly exceed minimum code requirements and are consistent with documented hazards in the Mitigation Needs Assessment. — 15 pts</li> </ul>	0, 5, 10, 15, or 20

	<ul style="list-style-type: none"> <li>Project demonstrates a integrated resilience strategy (multiple advanced mitigation features design that substantially exceeds applicable codes and standards; clear alignment with high priority hazards in the Mitigation Needs Assessment; documented use of engineering analysis, hazard modeling, or resilience rating systems (e.g., FORTIFIED, LEED Resilience points, Enterprise Green Communities resilience criteria)) . — 20 pts</li> </ul>	
Percentage of Affordable Housing	<p>Percentage of proposed housing that meets affordability requirements.</p> <ul style="list-style-type: none"> <li>51% affordable – 0 pts OR</li> <li>51.01% - 70% affordable – 5 pts OR</li> <li>70.01% - 90% affordable – 10 pts OR</li> <li>More than 90% affordable – 15 pts</li> </ul>	0, 5, 10, or 15
Pre-Award Assessment	Resources and experience to successfully complete the project and maintain compliance with federal, local, and state regulations.	0-10
Total Maximum Points Available		100

## APPENDIX VIII CDBG-DR Cost Reasonableness

Subsidy Layering Review Worksheet		<b>Bold, Green Text Denotes USER INPUT</b>		
		Plain Black Text Denotes CALCULATED RESULTS		
<b>[PROPERTY NAME] / Based on CPA compilation as of [Month, DD, YYYY]</b>				
Uses of Funds	Application (Projected Cost)	Cost Certification (Actual Cost)	Subsidy Layering (Funder's Determination)	Discussion
Construction Costs	\$0	\$0	\$0	See detail below
Total Developer Fee	\$0	\$0	\$0	
Total Soft Costs	\$0	\$0	\$0	See detail below
Initial Reserves / Other	\$0	\$0	\$0	See detail below
Acquisition: Land	\$0	\$0	\$0	
Acquisition: Buildings Only	\$0	\$0	\$0	
Acquisition: Other	\$0	\$0	\$0	
<b>Total Uses of Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
Sources of Funds Other Than CDBG-DR	Application (Projected Cost)	Cost Certification (Actual Cost)	Subsidy Layering	Discussion
1st Mortgage Hard Debt	\$0	\$0	\$0	
2nd Mortgage Hard Debt	\$0	\$0	\$0	
Tax Credit Equity	\$0	\$0	\$0	
CDBG	\$0	\$0	\$0	
HOME Funds	\$0	\$0	\$0	
Deferred Developer Fee	\$0	\$0	\$0	
Owner/GP Cash	\$0	\$0	\$0	
<b>Other Source 1 (Specify)</b>	\$0	\$0	\$0	
<b>Other Source 2 (Specify)</b>	\$0	\$0	\$0	
<b>Other Source 3 (Specify)</b>	\$0	\$0	\$0	
<b>Other Source 4 (Specify)</b>	\$0	\$0	\$0	
<b>Other Source 5 (Specify)</b>	\$0	\$0	\$0	
<b>Other Source 6 (Specify)</b>	\$0	\$0	\$0	
<b>Sources Other Than CDBG-DR</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Funding Gap</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>CDBG-DR Amount Awarded</b>	<b>\$0</b>		<b>\$0</b>	Final
			<b>\$0</b>	Reduction (explain)

Construction Costs	\$ Amount	Cost Certification (Actual Cost)	Subsidy Layering	Discussion
Hard Costs: Site Improvements	\$0	\$0	\$0	
Hard Costs: Construction	\$0	\$0	\$0	
Hard Costs: Contingency	\$0	\$0	\$0	
Other Construction/Rehab Cost (Specify)	\$0	\$0	\$0	
Other Construction/Rehab Cost (Specify)	\$0	\$0	\$0	
Other Construction/Rehab Cost (Specify)	\$0	\$0	\$0	
Builders Profit (BP)	\$0	\$0	\$0	
General Requirements (GR)	\$0	\$0	\$0	
General Overhead (GO)	\$0	\$0	\$0	
Construction Costs	\$0	\$0	\$0	
Soft Costs	\$ Amount	Cost Certification (Actual Cost)	Subsidy Layering	Discussion
Accounting Fees: Cost Certification Audit Fee	\$0	\$0	\$0	
Accounting Fees: General	\$0	\$0	\$0	
Application and Tax Credit Fees	\$0	\$0	\$0	
Architect	\$0	\$0	\$0	
Bond Issuance	\$0	\$0	\$0	
Builders' Risk	\$0	\$0	\$0	
Building Permit Fees & Local Fees	\$0	\$0	\$0	
Construction Loan: 3rd Party Reports/Inspect	\$0	\$0	\$0	
Construction Loan: Financing Fee	\$0	\$0	\$0	
Construction Loan: Interest During Construction	\$0	\$0	\$0	
Construction Loan: Lender's Attorney Fee	\$0	\$0	\$0	
Construction Loan: Origination Fee	\$0	\$0	\$0	
Construction Period: Insurance	\$0	\$0	\$0	
Construction Period: Taxes	\$0	\$0	\$0	
Consulting Fees (not payable through dev fee)	\$0	\$0	\$0	
Engineer	\$0	\$0	\$0	
Environmental Study	\$0	\$0	\$0	
Furniture, Fixtures and Equipment	\$0	\$0	\$0	
Legal: Owner Attorney/Borrower (EB)	\$0	\$0	\$0	
Legal: Owner Attorney/Borrower Legal (Not EB)	\$0	\$0	\$0	
Market Study / Appraisal	\$0	\$0	\$0	
Marketing and Leasing	\$0	\$0	\$0	
Miscellaneous / Other (Basis Eligible)	\$0	\$0	\$0	
Miscellaneous / Other (NOT Basis Eligible)	\$0	\$0	\$0	
Partnership Legal and Organizational	\$0	\$0	\$0	
Permanent Loan: 3rd Party Reports	\$0	\$0	\$0	
Permanent Loan: Financing Fee	\$0	\$0	\$0	
Permanent Loan: Lender's Attorney Fee	\$0	\$0	\$0	
Permanent Loan: Origination Fee	\$0	\$0	\$0	
Survey	\$0	\$0	\$0	
Title and Recording	\$0	\$0	\$0	
Other Transaction Cost 1 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 2 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 3 (Specify)	\$0	\$0	\$0	

Other Transaction Cost 4 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 5 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 6 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 7 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 8 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 9 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 10 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 11 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 12 (Specify)	\$0	\$0	\$0	
Other Transaction Cost 13 (Specify)	\$0	\$0	\$0	
<b>Total Soft Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Initial Reserves / Other</b>	<b>Application</b>	<b>Cost Certification (Actual Cost)</b>	<b>Subsidy Layering</b>	<b>Discussion</b>
Initial Deposit to Reserve for Replacements	\$0	\$0	\$0	
Property Tax Escrow	\$0	\$0	\$0	
Hazard Insurance Escrow	\$0	\$0	\$0	
Debt Service Reserve	\$0	\$0	\$0	
Operating Reserve/Working Capital	\$0	\$0	\$0	
Lease-Up Reserve	\$0	\$0	\$0	
Other Escrow 1 (Specify)	\$0	\$0	\$0	
Other Escrow 2 (Specify)	\$0	\$0	\$0	
Other Escrow 3 (Specify)	\$0	\$0	\$0	
<b>Total Initial Reserves / Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

## Revision History

<b>Event</b>	<b>Date</b>
Adopted	04/2019
Adopted revisions	05/28/2025
Adopted revisions	04/08/2026