

CDBG GRANT MANAGEMENT HANDBOOK (2007 Edition)

CHAPTERS/EXHIBITS

Chapter 10 – Checklist

Chapter 10 – Housing Rehabilitation Revolving Loan Funds

No Exhibits for this Chapter

Chapter 10 – Housing Rehabilitation Revolving

Loan Fund

Recipient Checklist

It is absolutely essential that the city/county grant recipient, the nonprofit sub recipient and the perspective assisted private property owner not incur any ACTIVITY costs or obligate funds, which are intended to be reimbursed with HRRLF funds prior to the date that all contract start-up conditions, are satisfied by the city/county grant recipient and approved in writing by OHCS.

There is no recipient checklist for this Chapter, as the information in this Chapter is provided as a guide to the applicability of the other Chapters contained within this Grant Management Handbook.

Housing Rehabilitation– Revolving Loan Funds

Overview

The purpose of this chapter is to assist the grant recipient and the nonprofit partner organization with managing housing rehabilitation revolving loan fund (HRRLF) projects funded by the Community Development Block Grant (CDBG) Program. Because HRRLF projects involve both the private and the public sectors, clarification of the federal and state requirements applicable to each private and public sector participant is necessary. Many requirements that will apply to the local government, as a public entity, will not apply to the private sector.

Many of the federal regulations associated with the CDBG Program may seem more applicable to traditional public sector projects. However, it is the responsibility of CDBG-HRRLF recipients to comply with all applicable federal and state laws, executive orders, and regulations affecting their projects. The significant federal requirements that apply typically are addressed in specific conditions of the grant contract between the Oregon Housing and Community Services Department (OHCS) and the local government (grant recipient). These requirements must also be contained in the sub-grant agreement between the city or county grant recipient and the nonprofit sub recipient. The nonprofit sub recipient must ensure that all necessary requirements are contained in each loan portfolio and executed loan agreement.

City and county grant recipients should carefully review these requirements and consider their potential impact when implementing their HRRLF project. These laws can affect the costs and complexity of the project and the schedule for completion.

Applicable Requirements

The following state and federal requirements are discussed in more detail in the appropriate chapters of the Grant Management Handbook. Each of the following sections highlights ways in which the state and federal requirements discussed in this Handbook may be different for HRRLF projects.

Chapter 1

How to Start the Project

All of the requirements contained in Chapter 1, pertain to all HRRLF projects.

Chapter 2

First and Last Draw Requirements and Special Grant Contract Conditions.

The following requirements contained in Chapter 2, do not pertain to HRRLF projects:

- 1) “Prior to Advertisement for Bid of Construction Activities”
- 2) “Prior to First Draw for Construction Activities”
- 3) “Prior to Final Draw for Construction Projects”; and,
- 4) The Off-Site Infrastructure Beneficiaries form required as part of the “Prior to Administrative Closure” requirements.

Chapter 3

Environmental Review

All the federal environmental clearance requirements contained in Chapter 3 under the “Owner Occupied Housing Rehabilitation Program Environmental Review Process” applies.

Chapter 4

Financial and Cash Management, Program Income and Audits.

City/County grant recipients must comply with all of the applicable financial management requirements contained in Chapter 4 of the Grant Management Handbook.

All expenditures of HRRLF funds by the local government and private nonprofit sub recipient are subject to the requirements and threshold limits for audits contained in OMB Circular A-133. Generally, entities that **expend** \$500,000 or more in a fiscal year in Federal funds from **all** sources must have a single or program specific audit conducted for that year. Private persons receiving loans under the HRRLF do not have to be audited.

The continued use requirement of 24 CFR Part 570.489(j), when applied to projects not under the direct control of the grant recipient or eligible sub recipient, (private property owners for housing rehabilitation) is not applicable.

Chapter 5

Procurement Standards

All of the provisions contained in Chapter 5, Procurement, apply to a local government’s procurement of goods or services that will be paid for in whole or in part with HRRLF funds.

These procurement requirements, described in Chapter 5, do not apply to private property owner’s procurement of materials or construction contractors even if they are to be paid for with loaned HRRLF funds through an approved sub recipient (eligible nonprofit).

The nonprofit must meet their applicable OMB circular requirements for expenditures and state law requirements for purchases. The nonprofit must have established procurement policies that meet applicable state laws.

Chapter 6

Labor Standards

The federal labor standards requirements do not apply to single-family owner occupied housing rehabilitation projects.

Chapter 7

Fair Housing, Equal Opportunity and Section 504

All civil rights requirements apply to the city/county grant recipient even if the requirements are not directly related to housing rehabilitation. The subgrant agreement between the city/county grant recipient and the nonprofit sub recipient should contain sections requiring the sub recipient to comply with federal nondiscrimination laws. The hiring and training plan also must contain a provision that the nonprofit sub recipient will comply with equal opportunity and nondiscrimination laws.

NOTE: The Section 504 self-evaluation checklist applies to the city/county grant recipient but not the nonprofit sub recipient or the assisted private property owner.

Chapter 8

Uniform Relocation Assistance and Real Property Acquisition

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, **applies to any acquisition of real property and relocation of persons or businesses if federal funds are involved in any part of the project cost.**

Section 104(d) of the Housing and Community Development Act requiring replacement of low and moderate income housing units that are demolished or converted to another use in connection with a CDBG funded activity applies.

Note: The CDBG program does not include land acquisition as an eligible activity under the housing rehabilitation program, thus does not trigger the requirements of this chapter.

Chapter 11

Required Records

OHCS will conduct a monitoring visit to the local government at least once during the implementation of the project, generally when approximately 50% of grant funds are drawn down. The monitoring agenda will include an interview of local officials and review of the administrative files relevant to the grant. The nonprofit project manager will need to facilitate OHCS site visits and a sampling of project files.

Note: Not all of the monitoring items found in Chapter 11 may apply to housing rehabilitation projects. OHCS staff can provide you with additional guidance.

Chapter 12

Project Reports and Closeout

This chapter applies to all local governments.

Revolving Loan Funds

Units of general local government may establish revolving loan funds to carry out specific, identified activities. A revolving fund for this purpose is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific activities which, in turn generate payment to the fund for use in carrying out such activities. These payments to the revolving fund are program income and must be substantially disbursed from the revolving fund before additional grant funds are drawn from the United States Treasury for revolving fund activities. Such program income is not required to be disbursed for non-revolving fund activities as required by 24 CFR Part 570.489(f).

State Requirements

The use of revolving funds in the Community Development Block Grant program is limited to those funds established by recipients of grants for Housing Rehabilitation and economic development revolving loan funds.

Loan Servicing

The recipient should have a system for properly servicing all loan funds that includes:

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- Loan agreements with clear repayment terms and default definitions, descriptions of how defaults can be cured, what actions will be taken if default is not cured, and what is pledged for security of each loan; and
- Collection procedures that provide for recognition of all current amounts due and when payments were received, notification when payments are overdue, procedure for further action to collect overdue amounts, and criteria for writing off bad debts.

Defaults

If the initial loans made by the nonprofit sub recipient default, the sub recipient must make every effort allowable under the loan agreement to enforce the provisions of the agreement and collect the loan amount that is due and owing to the nonprofit. These efforts must be clearly documented. If repayment of the loan, due and owing to the nonprofit cannot be collected, contact OHCS for assistance.

Program Income

All income generated by RLF grant funded activities (Economic Development Revolving Loan Funds and Housing Rehabilitation Revolving Loan Funds), in compliance with 105(a)(15) of the Housing and Community Development Act and carried out by an entity under the authority of Section 105(a)(15) of the Act is not subject to the program income and miscellaneous income tracking requirements contained in Chapter 4.