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Public Housing Restoration Fund Program Manual

State of North Carolina

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Revision History

VERSION	REVISION DESCRIPTION	RELEASE DATE
1.0	Initial version	TBD
2.0	Added language about URA compliance, the link to URA the HUD Way Recordkeeping Checklist, and additional HUD resources; change REBUILD references to NCORR.	May 21, 2025

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1.0 Introduction and Overview to the ReBuild NC Public Housing Restoration Fund Program

1.1 INTRODUCTION

In response to the damage caused by Hurricane Matthew and Hurricane Florence that occurred in 2016 and 2018 respectively, the U.S. Congress appropriated Community Development Block Grant - Disaster Recovery (CDBG-DR) funding to North Carolina and other impacted states through Public Law 114-254, Public Law 115-123, Public Law 115-254, and Public Law 116-20 that stipulates that these funds be used for necessary expenses for activities authorized and allocated to grantees for disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization and mitigation activities in the most impacted and distressed areas resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

1.2 HURRICANE MATTHEW

Hurricane Matthew began as a Category 5 storm in the Caribbean, before hitting the coast of North Carolina (the State) on October 8, 2016. Fifty counties in North Carolina were declared federal disaster areas with historic communities in eastern North Carolina like Princeville, Kinston, Lumberton, Goldsboro, Fayetteville, and Fair Bluff experiencing catastrophic damages. Matthew lingered along the North Carolina coast for several days, causing rivers and their tributaries to swell and ultimately overflow into adjacent communities. Over a three-day period, central and eastern parts of North Carolina were inundated with rain, and 17 counties set new records for rain and flooding. Five river systems, the Tar, Cape Fear, Cashie, Lumber, and Neuse Rivers, flooded, remaining at flood levels for two weeks.

After Matthew passed, the State assessed the damage and documented that Matthew's impact was devastating, significantly impacting residents in eastern and central North Carolina and causing catastrophic losses in the housing, business, public infrastructure, and agricultural sectors. More than 800,000 families lost power from Matthew, resulting in millions of dollars in food cost losses for families whose food needed to be frozen or refrigerated. 3,744 individuals needed to be moved to shelters, and 77,607 households applied for Federal Emergency Management Agency (FEMA) emergency assistance.

When FEMA completed its analysis of impacts to housing stock, 34,284 households had evidence of flood damage and nearly 5,000 homes had major to severe damage, many of which were located in rural communities, where not only the home but the farm and livestock were impacted and/or lost. The State estimated that more than 300,000 businesses experienced physical and/or economic impacts from the storm, including many small "mom and pop" businesses located in small rural communities. Matthew's impact on the agricultural industry was particularly devastating, as the industry has a significant presence in driving the local economy in eastern North Carolina, where the State is among the nation's leaders in livestock and crop production. North Carolina's farms, including many small multi-generational family farms, along with the firms that provide materials needed to grow livestock and produce crops and food producers that take those products to market, lost tremendous amounts of inventory, livestock, and crops, with millions of dollars of the losses not covered by United States Department of Agriculture (USDA) programs. The impact to communities was also catastrophic with public buildings, parks, schools, roads,

water and wastewater systems, and other public infrastructure heavily impacted. Portions of the interstate system closed in some cases for up to ten days. In total, the State estimated that Matthew's total economic impact was roughly \$2 billion.

The State's initial Hurricane Matthew Action Plan created the Public Housing Restoration Fund and allocated \$5 million to the program. Hurricane Matthew Action Plan Amendment 5 has increased the Public Housing Restoration Fund to identify eligible projects in hard-hit areas such as Robeson and Wilson Counties. In addition, the Hurricane Florence Action Plan Amendment 1 also included an additional allocation to the Public Housing Restoration Fund. Addressing these needs was previously identified as part of the Community Recovery and Infrastructure Program. The types of activities that Public Housing Authorities (PHA's) can engage in, including using funds to engage in activities that make facilities and units more resilient to future storm events, have also been added.

1.3 HURRICANE FLORENCE

Less than two years after Hurricane Matthew, on September 14, 2018, Hurricane Florence made landfall near Wrightsville Beach in New Hanover County, North Carolina. In the days prior to landfall, Florence had exhibited wind speeds typical of a Category 4 Hurricane but was downgraded to Category 1 before actual landfall occurred.

Despite the downgrade in intensity, Florence inundated parts of North Carolina and was the wettest tropical cyclone in the history of the Carolinas with rainfall totals greater than 25–35 inches in parts of the State. The rainfall intensity, combined with the slow-moving southwest track of the system and large wind field contributed to historic flooding across Southeastern and Central North Carolina. The rainfall fed the Cape Fear, Lumber, and Waccamaw Rivers and lead to intense riverine flooding, damaging infrastructure, homes, and businesses in the surrounding area. More than nine river gauges registered flood conditions greater than a 500-year event. The majority of damage caused by Hurricane Florence is due to this extended rainfall as the storm trekked southwest slowly through coastal North Carolina for six days.

In addition to rainfall, Florence drove a record-breaking storm surge of 9–13 feet. The result of the storm surge, rainfall, and river overflow was catastrophic and life-threatening flooding for a massive geographical portion of the State.

In response to damage encountered due to Hurricane Florence, the Florence Action Plan provided an additional allocation of funding to the Public Housing Restoration Fund. These two allocations are intended to be used in tandem to address the widespread unmet recovery needs resulting from the two storms.

The Public Housing Restoration Fund is being administered by The North Carolina Office of Recovery and Resilience (NCORR). Funds from the Program can be used to rehabilitate and/or repair PHA properties that were damaged by Hurricanes Matthew and Florence. Funds can also be used to address unmet recovery needs after accounting for insurance and other Federal disaster funding, or to make facilities more resilient to future storm events. Direct communication from PHAs informed NCORR that deeply affordable rental units managed by PHAs in impacted areas experienced severe damage due to Hurricanes Matthew and Florence. NCORR will work directly with the PHAs to assess and determine the

total unmet need for each facility. The State also reserves the right for this program to either State-manage the Public Housing Restoration fund or provide grants directly to the PHAs to implement the projects using program funds.

When first allocated by HUD, the State originally allocated funding directly to impacted counties with the intention that the counties would then sub-allocate to impacted and eligible PHA's within their county. Over time, the Program evolved from this original allocation to counties with the creation of the North Carolina Office of Recovery & Resiliency (NCORR) that determined that allocations would be more appropriately monitored and tracked if funding awards were directly provided by NCORR to PHAs that had reported storm impact and need for funding to rehabilitate and/or reconstruct damaged housing units. The first assisted PHAs entered into separate subrecipient agreements with NCORR in September-October 2019.

2.0 Program Manual Overview

This Manual outlines the policies that the State of North Carolina and its agents will utilize to direct the operation of the Public Housing Restoration Fund Program (the Program). This Manual is intended to serve as a resource for Public Housing Authorities (PHAs) affected by Hurricanes Matthew and Florence, including eligibility requirements, the types of assistance offered, and program recipient obligations. It serves as a reference for administrative staff and Public Housing partners to deliver assistance through the Program.

This Manual only addresses the Public Housing Restoration Fund Program and is not intended to be a full compilation of all internal program procedures that the State and its agents follow to ensure effective administration of the policies contained in this manual. This Manual, the State's Hurricane Matthew, and Hurricane Florence Action Plans and subsequent amendments, and the policy manuals for other North Carolina Disaster Recovery programs are available for public review and use at the link listed below:

<https://rebuild.nc.gov/about-us/plans-policies-reports>

3.0 Meeting the CDBG-DR Program Goals and National Objectives

3.1 PROGRAM GOALS

In support of the HUD recovery objectives, the State of North Carolina has designed its programs to help impacted residents and communities to recover from Hurricanes Matthew and Florence.

The primary objective of the CDBG program is “the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI)”. CDBG funding appropriated in response to disasters must also meet these general goals of the CDBG program.

All CDBG-DR funded housing activities must meet at least one of three national objectives required under the authorizing statute of the CDBG program:

- Benefit Low and Moderate Income (LMI) persons
- Aid in the prevention or elimination of slums or blight
- Meet a need having a particular urgency

To assist in the development of affordable housing, NCORR will fund the Public Housing Restoration Fund from both Hurricane Matthew and Hurricane Florence funding.

The Program's mitigation and resiliency measures are intended to serve LMI residents of public housing. The Program uses the HUD CDBG Manual Chapter 3: National Objective to determine how beneficiaries meet LMI criteria. The beneficiaries associated with the new construction, reconstruction, and rehabilitation scope will meet the Low Mod Housing (LMH) criteria outlined in Chapter 3 Section 3.2.3 of the HUD CDBG Manual.

3.2 NATIONAL OBJECTIVE

The CDBG national objective for NCORR's Public Housing Restoration Fund Program qualifies as a benefit to Low/Moderate Income (LMI) persons. More specifically, under the LMI National Objective, this Program will be identified as a Low/Moderate Housing (LMH) activity.

The national objective housing category of LMI benefit qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

3.3 ONE FOR ONE REPLACEMENT

Activities and projects undertaken with CDBG-DR funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601) and section 104(d) of the Housing and Community Development Act (42 U.S.C. 5304(d)(Section 104(d)). Note that Uniform Relocation Act (URA) provisions are different than relocation requirements for demolition as outlined in Section 18 of the United States Housing Act of 1937, as amended.

In a Federal Register Notice dated February 9, 2018 (83 FR 5844), HUD waived the one-for-one replacement requirements contained at section 104(d)(2)(A)(i) and (ii) and (d)(3) of the Housing and Community Development Act and 24 CFR 42.375 in connection with funds allocated for Hurricanes Matthew and Florence (among other named disaster allocations), for lower-income dwelling units that were damaged by the disaster and not suitable for rehabilitation. HUD further clarifies that the demolition and/or disposition of PHA owned public housing units is covered by section 18 of the United States Housing Act of 1937, as amended, and 24 CFR part 970. PHAs are responsible for complying with applicable federal guidelines for their programs which may be more restrictive than CDBG-DR guidelines.

4.0 Outreach and Public Participation

North Carolina's Citizen Participation Plan provides North Carolina citizens with an opportunity to participate in the planning, implementation, and assessment of the State's CDBG-DR recovery program. The Plan sets forth policies and procedures for citizen participation, in accordance with federal regulations, which are designed to maximize the opportunity for citizen involvement in the community development process. The State has attempted to provide all citizens with the opportunity to participate, with emphasis on low- and moderate-income individuals, individuals with limited English proficiency, and individuals requiring special accommodations due to disabilities. The State's Citizen Participation Plan ensures that there is reasonable and timely access for public notice, appraisal, examination, and comment on the activities proposed for the use of CDBG-DR grant funds. For the Public Housing Replacement and Rehabilitation Program, NCORR follows the CDBG-DR Citizen Participation Plan.

In following HUD's guidance, the Substantial Action Plan Amendments include a thirty-day public comment period. The State has, and will continue to, coordinate technical and programmatic outreach meetings with State entities, local governments, non-profits, private sector, and involved associations. The State invites public comments to the Action Plan and Substantial Amendments as required by HUD. These documents are posted prominently and can be accessed at: <https://www.rebuild.nc.gov/about-us/plans-policies-reports/action-plans>

The State uses news outlets, print and social media in addition to means such as press releases, posting notices on the North Carolina State Governor's website and/or NCORR's website, to maximize access of program information to impacted citizens and businesses. The Citizen Participation Plan can be accessed at: <https://www.rebuild.nc.gov/media/1550/open>

4.1 LIMITED ENGLISH PROFICIENCY

As the CDBG-DR administrator, NCORR is required to ensure meaningful access to agency services, Programs, and activities for persons who have Limited English Proficiency (LEP). For purposes of this Program, NCORR will require that this Program's subrecipients adopt all regulatory requirements concerning assistance to persons with limited English proficiency. All executed agreements for this Program will include these requirements and will be a component of future monitoring of the subrecipient. This expectation does not override NCORR's direct responsibility as the grantee. In accordance with the NCORR Language Access Policy, at a minimum, the following services shall be offered:

- Provision of an interpreter who translates to and from the person's primary language.
- Translation of Program documents.

4.2 ACCESSIBILITY AND REASONABLE ACCOMMODATIONS

The subrecipient Public Housing Authorities will ensure accessibility to all persons with special needs and will operate in a manner that does not discriminate or limit access to Program services and benefits to persons with disabilities. To ensure that this Program is operating in compliance with Section 504 requirements of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA), the Public Housing Authority subrecipients will be required to assign staff in accordance with its Section 504 Compliance Plan who will:

- Ensure that all facilities where clients will have face-to-face interaction with Program staff are readily accessible and usable by persons with disabilities.
- Appropriately address any identified hearing, visibility, or mobility limitations of the Applicant and/or Applicant's household members as required by Section 504 and the Americans with Disabilities Act (ADA).
- Work with a disabled Applicant's designee who has power of attorney or any non-profit organization that is representing the Applicant as needed.

All services listed above can be provided upon verbal or written request from the Applicant. No additional documentation is required.

In addition, NCORR and its subrecipients will comply with Section 508 requirements regarding the accessibility to electronic and information technology for individuals with disabilities. NCORR's Program management vendor assists with ensuring that all public communications, including its ReBuild NC website, meet Section 508 requirements.

4.3 FAIR HOUSING

The Fair Housing Act requires all grantees, partners, subrecipients, and/or developers whose capital projects are wholly or partially funded with federal assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing Program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. NCORR and its contractors shall ensure that no Applicant is treated in any way that does not comply with the federal Fair Housing Act, the Civil Rights requirements of Title I of the Housing and Community Development Act, and the North Carolina Fair Housing Act (Chapter 41A of the North Carolina General Statutes). NCORR has assigned staff who will ensure that:

- ReBuild Programs affirmatively further fair housing;
- Fair housing complaints are directed to HUD or other appropriate agency; and
- ReBuild Programs are administered in accordance with NCORR's Fair Housing Plan.

5.0 ReBuild NC Public Housing Restoration Fund Summary

Immediately following Hurricane Matthew, the State reached out to affected counties within the most impacted areas during its unmet needs evaluations and with the information provided, created the Public Housing Restoration Fund (the Fund). The Fund has evolved through a number of amendments of the Hurricane Matthew Action Plan and has also been included in and amended through the Hurricane Florence Action Plan.

Funds from this Program can be used to:

- Build replacement affordable rental Public Housing units
- Rehabilitate existing Public Housing units
- Engage in other such activities that make Public Housing Authority facilities and housing units more resilient to future storm events

The maximum award to PHAs is dependent on the actual cost of construction, generally not to exceed \$3 million in CDBG-DR funding.

Projects receiving funding must be located within an area designated as Most Impacted and Distressed (MID) area for either storm or the PHA must clearly demonstrate how the project benefits those located in a MID area.

Announcements regarding availability of funds will be sent to public housing agencies within MID Counties for Florence and Matthew. Information will also be posted to the Rebuild.nc.gov website and to the quarterly Community Development Update newsletter.

6.0 Eligibility and Award

All developments financed in whole or in part by the Program must meet the appropriate North Carolina Building Code and all locally adopted and approved building codes, standards and ordinances.

Funds may be used for acquisition, site preparation, construction and related soft costs (including environmental health hazard mitigation costs) required for the new construction or rehabilitation of affordable housing developments. Site work may also be an allowable construction cost. Site work includes grading and excavation as well as installation of septic and infiltration systems, utilities, and other ancillary residential structures and improvements.

6.1 ELIGIBLE ENTITIES

Public Housing Authorities located in MID Counties or with properties located within MID Counties shall be eligible for assistance. Other entities in partnership with a PHA may also be eligible. Generally, eligible PHAs will identify sites based upon location within disaster-declared counties, located within HUD-recognized MID Areas, and representing areas of high unmet recovery needs for public housing. The tie-back to a qualified disaster for the PHAs is detailed in the application. Eligible applicants will be PHAs that meet the criteria listed below. Subrecipient PHAs must comply with the process outlined in the Procurement Policy Manual.

6.2 ELIGIBLE ACTIVITIES

6.2.1 Eligible Activities

Eligible activities of this Program include repair and new construction of affordable housing owned and operated by a Public Housing Authority and/or partnership entity that includes a Public Housing Authority as one of the partners.

The following HUD CDBG eligible activities are included within this Policy:

6.2.1.1 Acquisition of Real Property, Including the Following Costs:

- The cost of surveys to identify the property to be acquired,
- Appraisals,

- The preparation of legal documents,
- Recordation fees, and
- Other costs that are necessary to effect the acquisition.

6.2.1.2 Clearance and Demolition Activities, Including:

- Demolition of buildings and improvements;
- Removal of demolition products (rubble) and other debris;
 - Physical removal of environmental contaminants or treatment of such contaminants to render them harmless; and
 - Movement of structures to other sites. Reference: §570.201(d)

However, demolition of HUD-assisted housing may be undertaken only with the prior approval of HUD.

Where activities under this category are integral to the construction of a building or improvement on the cleared property, and where such construction is also to be assisted with CDBG-DR funds, the clearance activities may be treated as a part of the construction costs and need not be qualified separately under the program.

6.2.1.3 Rehabilitation, Specifically to the Eligible Types of Properties and Types of Assistance Listed Below:

- Residential property, whether privately or publicly owned. This includes manufactured housing when such housing constitutes part of the community's housing stock.
- Commercial/industrial, but where such property is owned by a for-profit, rehabilitation under this category is limited to exterior improvements of the building and the correction of code violations. (Further improvements for such buildings may qualify under the category of Special Economic Development Activities.)
- Nonprofit-owned, nonresidential buildings and improvements that are not considered to be public facilities or improvements under §570.201(c) of the CDBG program regulations.

Additions to existing buildings may be assisted under this category when they are incidental to the rehabilitation of the property and may be provided as a part of other rehabilitation if the addition does not materially increase the size or function of the building.

6.3 ELIGIBLE TYPES OF ASSISTANCE

6.3.1 Repair, Reconstruction, New Construction

6.3.1.1 Repair

The Program will provide site-specific repair to storm-damaged public housing units that are located outside of the 100-year special flood hazard area and can be reoccupied after rehabilitation as well as resiliency interventions that include resiliency retrofits and improvements, nature-based stormwater management features, nature-based coastal protection features, and resilient back-up power/power generation systems.

6.3.1.2 Reconstruction

The Program will provide reconstruction including one-for-one replacement of substantially damaged housing units, including appropriate resiliency interventions that are not suitable for rehabilitation, or those units that are functionally obsolete, non-adaptable, non-accessible, and non-ADA compliant.

6.3.1.3 New Construction

The Program will provide resilient new development of affordable housing generally on a one-for-one replacement basis for units that were not suitable for rehabilitation on a site that was located within the 100-year special flood hazard area. New construction must occur outside of the special flood hazard area.

6.3.2 Types of Eligible Costs

The following costs are eligible to be funded from this Program:

- Costs of labor, materials, supplies and other expenses required for the rehabilitation of property, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system).
- Financing of grants, loans, loan guarantees, interest supplements and other forms of financial assistance may be provided under this category. (A grantee may make a “lump sum draw-down” for the purpose of financing rehabilitation of privately-owned properties. See §590.513 for details.)
- Refinancing of loans for existing indebtedness secured by a property being rehabilitated with CDBG funds, if such refinancing is determined by the grantee to be necessary or appropriate to achieve its community development objectives.
- Property acquisition: Assistance to private individuals and entities (whether profit or not-for-profit) to acquire for the purpose of rehabilitation and to rehabilitate properties for use or resale for residential purposes.
- Security devices: Installation costs of sprinkler systems, smoke detectors and dead bolt locks, and other devices for security purposes.
- Conservation: Costs required to increase the efficient use of water (e.g., water saving faucets and shower heads) and improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, insulation, and modification or replacement of heating and cooling equipment.
- Water and sewer: Costs of connecting existing residential structures to water distribution lines or local sewer collection lines.
- Barrier removal: Costs to remove material and architectural barriers that restrict the mobility and accessibility of elderly and severely disabled persons to buildings and improvements that are eligible for rehabilitation under this category.
- Landscaping, sidewalks, and driveways: The costs of installation or replacement of landscape materials, sidewalks, and driveways when incidental to other rehabilitation of the property.
- Renovation of closed buildings: The conversion of a closed building from one use to another (e.g., the renovation of a closed school building to residential use).
- Historic preservation: This category also authorizes the costs of preserving or restoring properties of historic significance, whether privately- or publicly-owned, except that buildings for the general conduct of government may not be restored or preserved with CDBG-DR assistance (see the section on Public Facilities and Improvements concerning this limitation). Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of

Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance.

- Lead-based paint hazard evaluation and reduction: The costs of evaluating and treating lead-based paint may be undertaken under this category whether alone or in conjunction with other rehabilitation.

6.4 AWARD DETERMINATION

In coordination with disaster-affected Public Housing Authorities, NCORR has determined that a Subrecipient relationship is the most appropriate mechanism for award of funding to the PHAs. Initial selection of eligible projects under this Program originated from North Carolina's preliminary assessment of storm-related damages to public housing authority units located in the State's Most Impacted and Distressed counties and the comprehensive analysis undertaken to identify the State's public housing unit unmet need.

Subrecipients for this program are chosen by either direct selection, having been part of or located in a county that was involved in the State's county planning process or will be identified through a competitive selection process. Eligible subrecipients will be notified of their eligibility for the CDBG-DR program via a communication that informs them they can propose projects to address disaster recovery.

The intended process for review and selection of projects will include submission of an application with applicable supporting documentation. A technical assistance workshop will be offered to all potential applicant PHAs to review the published application packet and to further describe HUD and NCORR compliance requirements and expectations of all proposed projects. An NCORR review panel will be established to evaluate all submitted applications. The review panel will utilize the Subrecipient Evaluation Criteria (below at 6.4.1) and Priority (below at 6.4.2) when considering recommendations for award of funds.

In order to advance through the NCORR review process for selection of award, a potential project must have a tie to a specific storm, represent an eligible CDBG-DR activity, have or secure a SAM.gov registration as necessary for government contracting, and submit a detailed Sources and Uses chart that must include and account for any potential Duplication of Benefits.

6.4.1 Subrecipient Evaluation Criteria

Subrecipients should demonstrate the following qualities:

- Prior experience with executing CDBG, CDBG-DR OR other federal funded projects including but not limited to knowledge and prior experience with the following:
 - 2 CFR Part 200 requirements;
 - Documentation that the project meets a CDBG National Objective; and
 - Documentation that the project's expenditures are for CDBG-eligible activities
- Staff capacity to effectively manage CDBG-DR grants, including but not limited to:
 - Capacity to perform financial management and oversight;
 - Capacity to perform grant management functions as demonstrated through prior experience managing grants with in-house staff or with a grant management consultant;
 - Internal auditing capability;
 - Administrative staffing; and

- Knowledge of both Federal and State procurement and contracting requirements
- Knowledge of and experience in financial management of Federal grant funds, and the ability of financial systems to meet all State and Federal requirements including but not limited to:
 - Accounting methods, and budget controls;
 - Proof that expenditures are necessary, reasonable and directly related to the grant;
 - Monitoring and controls of timely expenditure of Federal funds;
 - Compliance with 2 CFR Part 200;
 - Completion and results of any other audits as it relates to financial capacity
- In good standing with the State of North Carolina (for entities other than public entities).
- Be able to provide documentation that indicates that the PHA is not currently sanctioned by HUD.
- Be able to provide documentation that indicates that the PHA is not considered a Troubled PHA by HUD.
- Experience, knowledge, and compliance with all Federal regulations outside of direct CDBG requirements, as it applies to the grant including, but not limited to, the following requirements:
 - Davis-Bacon and All Labor Standards,
 - Section 3,
 - M/WBE,
 - Environmental,
 - Lead-Based Paint,
 - Civil Rights,
 - Section 504,
 - Uniform Relocation Act,
 - Fair Housing Act,
 - ADA,
 - Age Discrimination Act, and
 - Records Management.

6.4.2 Priority

Recognizing that funding currently allocated to this Program will not address all unmet needs, NCORR will prioritize award to an Applicant that:

- Has displaced residents and/or has vacant units as a result of the damage caused by Hurricane Matthew and/or Hurricane Florence,
- Can provide evidence of readiness to proceed, and
- Can provide evidence of municipal/local government support of the proposed project.

6.5 AWARD AMOUNT

The maximum award to PHAs is dependent on the actual cost of construction, **in an amount not to exceed the maximum award amount identified in the NCORR Matthew Action Plan and the NCORR Florence Action Plan**. If the PHA can document additional need for CDBG-DR funds, NCORR may exercise the right to increase the grant award above **the maximum award as reflected in the Action Plans**.

6.6 PROJECT FUNDING AND DISBURSEMENT

Once the subrecipient has executed an agreement with NCORR, the following steps must be followed to ensure adequate, complete, and compliant invoice submission:

Eligible costs: All costs must be attributable to an executed contract for services that were competitively procured in conformance with federal and NCORR requirements. A notice to proceed should be issued by the PHA, to the contractor/vendor (with copy of the Notice to Proceed provided to NCORR for recordkeeping). Cost-plus pricing is prohibited by 2 CFR 200.324(d). Cost-plus pricing is a pricing strategy in which the selling price is determined by adding a specific amount markup to a product's unit cost.

Allocable costs: All costs submitted on an invoice must be tied to an eligible line item in the contract and project budget. NCORR programs run on a reimbursement model and the subrecipient is responsible for paying the contractor/vendor up front and requesting reimbursement for eligible costs incurred. By submitting an invoice to NCORR, the subrecipient is attesting that all goods/services for the specific project were received in satisfactory condition/terms. The invoice submitted by the contractor/vendor needs to indicate a percentage completion status of the project.

An invoice must at the minimum contain all supporting invoices from contractors/vendors for goods and services provided, and the sum of the invoices must match the total amount requested. In addition, both the subrecipient and vendors/contractors must be compliant with all requisite federal and local reporting requirements (M/WBE, Section 3, and other goals reporting).

For additional reference, reference to NCORR's Subrecipient Billing Guide in the appendices below.

6.6.1 Subrogation

Subrogation is the process by which duplicative assistance paid to the PHA Partner after receiving an award is remitted to the Program in order to avoid a duplication of benefit, whereby the PHA Partner would be reimbursed twice for the same loss. By signing the grant agreement, the PHA Partner warrants that they will remit any excess funds to the Program, whenever received.

6.6.2 Green Building Standards

All Program-funded properties must comply with green building standards as required by Federal Register Notices at 81 FR 83524 and as amended by later notice(s). To meet these requirements, NCORR documents the use of the applicable green building standard in each project file.

The Green and Resilient Building Standard requires that all construction assisted with CDBG–DR funds meet an industry-recognized standard that has achieved certification under:

- Enterprise Green Communities;
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
- ICC–700 National Green Building Standard Green+Resilience;
- Living Building Challenge; or
- Any other equivalent comprehensive green building program acceptable to HUD.

Additionally, all such covered construction must achieve a minimum energy efficiency standard, such as:

- ENERGY STAR (Certified Homes or Multifamily High-Rise);
- DOE Zero Energy Ready Home;
- EarthCraft House, EarthCraft Multifamily;

- Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association;
- Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label);
- Earth Advantage New Homes; or
- Any other equivalent energy efficiency standard acceptable to HUD.

In order to maintain compliance, NCORR must identify, for each project, which of these Green and Resilient Building Standards will be used, however, NCORR is not required to use the same standards for each project or building. To satisfy this regulatory requirement, NCORR will require that all projects to be considered for funding identify the green building standard to be utilized. If an alternative green building standard is identified by a subrecipient for a proposed project under this Program, the alternative standard will be evaluated by NCORR and may be submitted to HUD for consideration and acceptance.

6.6.3 Floodplain, Floodway and Coastal High Hazard Area Policy

Executive Order 11988 – Floodplain Management requires Federal activities to avoid impacts to floodplains and to avoid direct and indirect support of floodplain development to the extent practicable. As outlined in NCORR Subrecipient Agreements, all PHAs and PHA Partners must comply with these federal regulations. Definitions and regulations regarding the 100 Year Floodplain, Floodway, and the Coastal High Hazard Area can be found in Section 12.0 of this manual.

6.7 LEASE-UP MONITORING

6.7.1 Determining Tenant Income

The Program will confirm that each project is leased to the number of LMI units identified in a certification of LMI status at closeout as part of the subrecipient agreement execution. The Program will rely on verification provided by the Developer or project partner for new construction projects as verified by NCORR staff.

In submissions to NCORR to determine tenant income, the program requires the developer or a subsequent owner to report the most recent signed federal income tax returns (*e.g.*, IRS Forms, 1040, 1040A or 1040EZ).

If one or all household members do not have an IRS tax return, or the income situation has changed since the tax return(s) was filed, any of the following applicable documents may be presented for every household member that is 18 or older:

- Minimum of three current and consecutive months of check stubs (if the household member is paid monthly);
- Minimum of four current and consecutive check stubs (if the household member is paid weekly, bi-weekly or bi-monthly);
- Pension statement showing current monthly or yearly gross amount;
- Social Security statement or IRS Form 1099;
- Unemployment statement;
- Certification of Zero Income Form;
- Completed Household Income Worksheet and Certification.

6.8 PROCUREMENT AND CONFLICTS OF INTEREST

The procurement requirements found at 2 CFR Part 200, Subpart D, establish CDBG-DR standards and guidelines for the procurement of services, supplies, equipment, construction, and professional services for local governments and non-profit organizations. To remain eligible for CDBG-DR funding, recipients of CDBG-DR funds must comply with those requirements. Recipients must also comply with State and local procurement standards. Moreover, procurement under the CDBG-DR program must comply with the most restrictive Federal, State, or local requirements. Therefore, to assist subrecipients in better understanding and complying with these requirements the following links regarding current procurement policies are being made available:

- <https://www.sog.unc.edu/resources/microsites/local-government-purchasing-and-contracting/federal-procurement-requirements>
- Buying Right CDBG-DR and Procurement: A Guide To Recovery:
<https://www.hudexchange.info/resource/5614/buying-right-cdbg-dr-and-procurement-a-guide-to-recovery/>

Prior to issuing any Requests for Proposals, Requests for Qualifications, or soliciting contracts for services related to a CDBG-DR eligible project it is recommended that subrecipients become familiar with this information, especially the March 20, 2018 Memorandum from the NC Department of State Treasurer and the UNC School of Government's paper regarding the most restrictive procurement requirements. NCORR's Compliance Team will perform procurement reviews on recipients sampled for monitoring. The Compliance Team also performs reviews to ensure that NCORR adheres to these established policies.

To help ensure that subrecipients' procurements will follow regulations, NCORR provides subrecipients with onsite, electronic, and/or group TA via its state staff or project coordinators, to help develop procurement documents that comply with federal and state regulations. NCORR will also provide procurement TA consisting of:

- Review of 2 CFR Part 200 procurement requirements; and
- Review of existing recipient procurement policies and procedures for compliance with 2 CFR Part 200

If a real or perceived potential conflict of interest as defined under Federal or State law is identified, recipients must contact NCORR for further guidance.

7.0 Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. §5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he has received financial assistance under any other program or from insurance or any other source. In accordance with the Stafford Act, Disaster Recovery funds issued through the Department of Housing and Urban Development's CDBG-DR program may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

Generally, financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds is considered a Duplication of Benefit (DOB).

As mandated by law, all NCORR projects receiving CDBG-DR funding must evidence an analysis of funds potentially received for the same purpose as the intended CDBG-DR grant, otherwise known as a duplication of benefits analysis (DOB). All PHA Partners must submit all funding sources, including FEMA awards and private insurance proceeds, to be analyzed. NCORR conducts an analysis to establish that there is no duplication of benefits.

The total DOB is calculated by subtracting non-duplicative exclusions from total assistance. Calculation of the total maximum amount of the CDBG-DR award is determined after the grantee

- Identifies total need;
- Identifies total assistance;
- Subtracts exclusions from total assistance; and
- Subtracts the amount of the DOB from the amount of the total need to determine the maximum amount of the CDBG-DR award.

Three considerations may change the maximum amount of the CDBG-DR award.

First, the grantee may impose a program cap that limits the amount of assistance an applicant is eligible to receive, which may reduce the potential CDBG-DR assistance available to the applicant.

Second, the grantee may increase the amount of an award if the applicant agrees to repay duplicative assistance it receives in the future (unless prohibited by a statutory order of assistance, as discussed in section 6.5). Section 312(b) of the Stafford Act permits a grantee to provide CDBG-DR assistance to an applicant who is or may be entitled to receive assistance that would be duplicative if:

- The applicant has not received the other assistance at the time the CDBG-DR grantee makes its award; and
- The applicant agrees to repay the CDBG-DR grantee for any duplicative assistance once it is received (subrogation). The agreement to repay from future funds may enable a faster recovery in cases when other sources of assistance are delayed (*e.g.*, due to insurance litigation). HUD requires all grantees to enter into agreements with applicants that require applicants to repay duplicative assistance before receiving CDBG-DR assistance.

Third, the applicant's CDBG-DR award may increase if a reassessment shows that the applicant has additional unmet need.

7.1 NEW CONSTRUCTION – ANALYSIS

With the exception of certain Federal Emergency Management Agency grants, FEMA, National Flood Insurance Program (NFIP), Private Flood Insurance proceeds, and Small Business Administration (SBA) Loans are generally not considered to be intended for the purpose of new construction of affordable housing. However, NCORR requires that all developers of new affordable housing funded under this program disclose all sources of funding.

7.2 REPAIR – ANALYSIS

In instances where the Program identifies critical resiliency needs, information is requested from Program PHA partners to determine if funding was available from another source for the same purpose.

7.3 POTENTIAL LIST OF DUPLICATIVE BENEFITS

The PHA must consider the total assistance available to the project. This includes all benefits, including cash, insurance proceeds, grants from FEMA, SBA loans, as well as any other assistance received by the applicant from other local, State or federal programs, or private or nonprofit charities. Partners should pay special attention to the following potential sources of benefits and confirm that the below-mentioned sources of benefits have been exhausted or may be made available for the project:

- National Flood Insurance Program (NFIP): Insurance proceeds received must be disclosed by the PHA.
- Private Insurance: All insurance proceeds received must be disclosed by the PHA. Where necessary, the Program will look for “undeclared” insurance benefits as well as confirming those disclosed by the Sponsor.
- FEMA: anticipated and/or received assistance from FEMA must be disclosed by the PHA
- Other: Funds received from other sources must be disclosed by the PHA and verified by the Program. Examples include nonprofits, other governmental agencies, and social groups.

8.0 Environmental Review

CDBG-DR funding from HUD is contingent on compliance with the National Environmental Policy Act (NEPA) and related environmental and historic preservation legislation and executive orders. Projects are also subject to State Environmental Quality Review (SEQR). NCORR will assess the knowledge, understanding and capacity of all subrecipients within this Program and will provide any needed technical assistance. NCORR recommends that all potential subrecipients review 24 CFR Part 58 for further details and requirements for compliance. All projects which involve new construction, change of use (as in adaptive reuse projects), or increase the floor area of an existing residential structure by 20% or more must successfully complete an Environmental Assessment (EA) prior to entering into a funding commitment for projects. For projects which involve substantial rehabilitation of existing residential structures, an abbreviated environmental review may be applicable. Pre-application technical assistance is available to discuss these matters further. All awards will be considered conditional until the environmental review is complete.

9.0 Closeout

Closeout is undertaken by the Program once the final project closeout checklists are completed. The project closeout is the process by which NCORR determines that all requirements of the agreement between NCORR and the Subrecipient for a specific project have been completed in accordance with the terms and conditions of the agreement. Project closeout begins when:

- All project expenses (including those to be paid with non-CDBG-DR funds) to be paid have been completed and payment requested;
- Approved work has been finished;
- Any other responsibilities detailed in the Subrecipient Agreement (SRA) have been fulfilled; and
- All monitoring or audit findings have been cleared.

Project closeout consists of:

- A closeout request, with applicable project documents attached, submitted to NCORR by the partner;
- A project closeout checklist completed and approved by the Program and other departments within NCORR; and
- A project closeout letter sent to the partner and to NCORR departments.

In addition, the project's status must be updated in HUD's Disaster Recovery Grant Reporting (DRGR) system, and a final HUD quarterly narrative report must be submitted by NCORR to reflect the project's status. For projects financed by NCORR's CDBG-DR funds as well as other funds, project closeout occurs when all funds are spent and every dollar of NCORR's CDBG-DR is associated with a National Objective.

10.0 Program Administrative Requirements and Cross-Cutting Federal Regulations

NCORR and its beneficiaries, subrecipients and contractors must adhere to federal and state requirements, as applicable, and provide confirmation of compliance upon request.

10.1 AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications device for the deaf (TDD)/telephone relay services. NCORR takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by NCORR, and that any services are delivered in the most integrated manner possible. Qualified persons with disabilities are informed of the availability of program services and activities, and NCORR's programs or services are readily accessible to, and usable by, individuals with disabilities. NCORR also ensures that reasonable modifications or changes to policies, practices, or procedures are made in order to guarantee people with disabilities equal access to services and programs. Additionally, all programs and activities are required to comply with 28 CFR Part 35 regarding accessibility, both structurally and administratively, to persons with disabilities. NCORR's mandate to conform to the requirements of ADA, flows down to all of its stakeholders, including recipients, vendors and developers.

10.2 DAVIS-BACON LABOR STANDARDS

The Davis-Bacon Act and Related Acts (DBRA) applies to contractors and subcontractors carrying out federally funded or assisted contracts in excess of \$2,000 for corresponding work on similar projects in the area. In some cases, North Carolina Prevailing Wage Law is in effect. In these cases, the higher prevailing wage rate between the Federal and State must be adhered to and made applicable. For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NCORR must follow the reporting requirements per HUD and U.S. Department of Labor regulations. This requirement also extends to NCORR subrecipients and contractors.

The NCORR Compliance Team ensures that NCORR's CDBG-DR program and services are in compliance with DBRA by tracking, reviewing and monitoring certified payroll records and interviews of prime and subcontractor laborers. NCORR utilizes SharePoint for secure transmission of weekly payroll submissions by contractors. NCORR will utilize this system to collect, review and report all regulatory compliance requirements.

10.3 EQUAL EMPLOYMENT OPPORTUNITY

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin. The Executive Order also requires government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment.

10.4 FAIR HOUSING

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance for housing related activities to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. For Public Housing projects NCORR enforces the Fair Housing Act by ensuring that all subrecipients meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated forms on NCORR's or the RebuildNC.gov website, as applicable. The Affirmative Marketing Plan must be in compliance with applicable Fair Housing Laws and demonstrate how the Applicant or recipient will affirmatively further fair housing throughout applicable NCORR disaster recovery programs.

10.5 FAIR LABOR STANDARDS ACT OF 1938, AS AMENDED

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project. Excluding the exceptions listed below, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under NCORR's

CDBG-DR program must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

In some cases, North Carolina Prevailing Wages and Davis-Bacon Prevailing Wages both apply. In such instances, the higher of the two prevails. Exceptions to FLSA include:

- Construction contracts of \$2,000 or less;
- Real property acquisition;
- Architectural and engineering fees;
- Other services (such as legal, accounting, construction management);
- Other non-construction items (such as furniture, business licenses, real estate taxes);
- Rehabilitation of residential property designed for fewer than eight families; and
- Debris removal, demolition, and/or clearance activities, unless related to construction (demolition and clearance as independent functions are not considered construction). Contact a NCORR CDBG-DR Labor Specialist for assistance.

10.6 MINORITY – AND/OR WOMEN-OWNED BUSINESS ENTERPRISES

Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned Business Enterprises (MBEs). 2 CFR 200.321 requires the Non-Federal entity to take all necessary steps to ensure that all recipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance ensure that contracts and other economic opportunities are directed to small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms when possible.

North Carolina wants to ensure that public entities utilize M/WBE firms through its HUB program managed at the Division of Administration. As noted in Executive Order 25, Section 5, the HUB program works to incorporate HUD's programmatic requirements into contracting opportunities. As such, NCORR ensures compliance with these goals by requiring, as applicable, recipients and contractors to make best efforts to achieve the overall M/WBE participation goal that the State has set for the entire contract value.

For all projects and agreements, NCORR will be required to make best efforts to achieve an overall M/WBE participation goal of 10% of the entire contract, per Executive Order 25. NCORR verifies with DOA HUB the M/WBE certification, and that the Compliance Team monitors to ensure compliance with all M/WBE reporting requirements through SharePoint.

For all Public Housing Restoration Fund projects, the Compliance Team works with applicants and recipients to provide the technical assistance, guidance, and one-on-one support required to implement good faith efforts and meet applicable M/WBE thresholds. NCORR's Compliance Team monitors the level of M/WBE utilization and provides additional support as required.

10.7 SECTION 3

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, subgrantees, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part by CDBG-DR funding, to the greatest extent feasible, extend hiring opportunities and contracts to Section 3 eligible residents and businesses. The new Final Rule for Section 3 was adopted in November 2020 and is found

at 24 CFR Part 75. For those entities that receive more than \$200,000 in HUD CDBG-DR assistance (24 CFR 75.3(a)) NCORR requires that an approved Section 3 plan be in place before the project is awarded and approved. PHAs are subject to Section 3 requirements and are not limited by the \$200,000 CDBG-DR threshold for compliance.

The final rule defines Section 3 workers as any worker who's:

- Income for the previous or annualized calendar year is below the income limit established by HUD;
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

The final rule further defines Targeted Section 3 workers, for public housing financial assistance, as a Section 3 worker who is also:

- A worker employed by a Section 3 business concern; or
- A worker who currently is, or who was when hired, as documented within the past five years:
 - A resident of public housing or Section 8-assisted housing;
 - A resident of other public housing projects or Section 8-assisted housing managed by the PHA that is expending assistance; or
 - A YouthBuild participant.

HUD has established Safe Harbor compliance and grantees and subrecipients will be considered to have complied with the Section 3 requirements and met the safe harbor, in the absence of evidence to the contrary, if they certify that they have followed the required prioritization of effort and met or exceeded the applicable Section 3 benchmarks.

If a grantee and/or subrecipient does not meet the benchmark requirements but can provide evidence that they have made qualitative efforts to assist low- and very low-income persons with employment and training opportunities, the recipient is considered to be in compliance with Section 3, absent evidence to the contrary (i.e., evidence or findings obtained from a Section 3 compliance review).

The benchmarks for financial assistance awarded to PHAs are:

- 25% or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Section 3 workers; and
- 5% or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year are Targeted Section 3 workers, as defined in 24 CFR 75.11.

NCORR's Compliance Team provides training, technical assistance, and one-on-one support for all projects, especially in terms of developing and reviewing Section 3 plans, as well as implementing best efforts to meet Section 3 goals. The Compliance Team also reviews Section 3 goal attainment and provides additional on the ground support where required.

On a quarterly basis, the Compliance Team reviews and tracks quarterly reports as well as calculates utilization rates. The Team informs the NCORR Community Development staff of outstanding quarterly reports and of current utilization rates.

PHA recipients of financial assistance must report annually:

- The total number of labor hours worked.
- The total number of labor hours worked by Section 3 workers.
- The total number of labor hours worked by Targeted Section 3 workers.

Where PHAs are otherwise required to comply with Section 3, nothing in this manual shall be construed to remove such requirements.

10.8 RESIDENTIAL ANTI-DISPLACEMENT

NCORR, and all subrecipients must follow a Residential Anti-Displacement Policy. The policy can be accessed in Appendix 38 of the URA Standard Operating Procedure & Optional Relocation Policy here: <https://www.rebuild.nc.gov/about-us/plans-policies-reports/policies-and-procedures>. Subrecipients or contractors must provide the following benefits to households or businesses that they displace:

- Relocation advisory services;
- A minimum of 90-day notice to vacate;
- Reimbursement for moving expenses; and
- Payments for added cost of renting or purchasing comparable replacement housing.

PHAs are responsible for complying with applicable residential anti-displacement federal guidelines for their programs which may be more restrictive than CDBG-DR guidelines.

10.9 UNIFORM RELOCATION ACT AND REAL PROPERTY ACQUISITION

In order to carry out Program activities in compliance with URA requirements, NCORR has adopted the *Uniform Relocation Act (URA) Policy Manual*. This document provides program staff and contractors with Standard Operating Procedures to meet URA requirements for the temporary and permanent displacement of tenants.

The NCORR Uniform Relocation Act (URA) Policy Manual can be accessed at:

<https://www.rebuild.nc.gov/about-us/plans-policies-reports/policies-and-procedures>

Subrecipients must record sufficient details in order to demonstrate compliance with all URA requirements. All records must be retained for the period specified in the program regulations but no less than 3 years after the latest action. Applicants and subrecipients are encouraged to review additional Resources from HUD regarding URA at: [URA the HUD Way Resources - HUD Exchange](#). The [URA the HUD Way Recordkeeping Checklist](#) must be completed for all projects.

The URA the HUD Way Recordkeeping Checklist can be accessed at:

<https://files.hudexchange.info/resources/documents/URA-the-HUD-Way-Recordkeeping-Checklist.pdf>

Additionally, if acquisition is a component part of the project, information for the CPD Monitoring Handbook (6509.2) Chapter 25, Exhibit 25-10: Relocation and Real Property Acquisition must be completed on the project:

This checklist can be found at: [CPD Monitoring Handbook \(6509.2\) | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#) under Chapter 25-10.

Failure to report this information accurately in application documents or subsequently may result in corrective action at the discretion of the Grantee.

10.9.1 Real Property

If CDBG-DR funds are used to acquire real property, NCORR ensures that the property continues to be used for its intended (and approved) purpose, proper records are maintained to keep track of it, steps are taken to protect and maintain it, and that if the property is sold, NCORR is reimbursed for the CDBG-DR share of the property's value.

This approach to the ownership, use, management, and disposition of property is complicated by two facts. First, the rules about property management and disposition differ slightly depending on whether a grantee is a public-sector subrecipient (the rules are generally more explicit for governmental grantees) or a private-sector subrecipients. Second, real property (e.g., land, buildings) is treated differently than personal property, as required in 2 CFR 200.

The federal requirements relating to real property are organized according to title (ownership), use, and disposition. In general, the property management system must provide for accurate records, the performance of regular inventories, adequate maintenance and control and proper sales procedures. Grantees must follow sales procedures that provide for competition, to the extent practicable, and that result in the highest possible return. For the sale of property owned by local governments, competitive disposal procedures are required under Article 12 of Chapter 160A of the North Carolina General Statutes, and generally include public notice of the intended sale, price competition, contract award to the highest responsive, responsible bidder, and governing board approval of the conveyance.

10.9.2 Acquisition of Real Property

Upon notification of permission from NCORR, the recipient may proceed with efforts to acquire any real property, including easements and rights-of-way, required for the project. CDBG-DR federal funds, administered by NCORR and disbursed to recipients and direct contractors and/or beneficiaries, are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act or URA) and/or Section 104(d) of the Housing and Community Development Act of 1974 as waived by (81 FR 83254) and (82 FR 5591). The applicable federal regulations are located at 49 CFR Part 24 (URA), and in the Real Estate Acquisition and Relocation Policy and Guidance Handbook (HUD Handbook 1378).

A purchase option agreement on a proposed site or property prior to the completion of the environmental review is allowed if certain actions have been taken ahead of time: 1) the option agreement must be subject to a determination by the recipient on the desirability of the property for the project; 2) an environmental review must have been completed; and, 3) the cost of the option must be a nominal portion

of the purchase price. Prior to advertising for bids, the recipient must have obtained all lands, rights-of-way and easements necessary for carrying out the project. More detailed information regarding real property acquisition follows below.

For the purposes of this manual, “property to be acquired” refers to any kind of permanent interest such as fee simple title, land contracts, permanent easements, long-term leases (20 years or more), and rights-of-way. Temporary easements are also subject to all of the same rules as other forms of acquisition unless the temporary easement exclusively benefits the property owner. Subrecipients should also be aware that all methods of acquisition (e.g., purchase, donation, or partial donation) are covered by the URA.

Acquisition rules must be followed whenever a subrecipient:

- Undertakes the purchase of property directly;
- Hires an agent, private developer, etc. to act on their behalf;
- Provides a nonprofit, or for-profit entity organization with funds to purchase a property; or
- Provides federal assistance to individuals who are acquiring their own home (i.e. homebuyer assistance program).

Note: Subrecipients must also adhere to environmental review requirements as they relate to acquisition including the requirements regarding options and conditional contracts.

10.9.3 Voluntary and Involuntary Real Property Acquisition

Subrecipients must understand the critical difference between voluntary and involuntary acquisition of real property to ensure compliance with all applicable rules. There are protections for sellers in both voluntary and involuntary acquisitions. The key difference between the two types of acquisition is that when a voluntary sale occurs, **there can be no threat of eminent domain**. Regardless of the form of acquisition used, it is strongly recommended that the subrecipient maintain a log of contacts with the owner in the acquisition file.

Note: The use of federal funds may not be originally anticipated during the conceptual phase or at the beginning of a project. Therefore, subrecipients should proceed with caution if federal resources could be introduced later in the project. Acquisition activities are subject to the URA if there is intent to acquire property for a federal or federally-assisted project at any point during the course of a project.

The URA recognizes three general types of purchases as potentially voluntary. Generally, they are:

- Purchases in which persons are acting on behalf of an agency with the power of eminent domain but the subrecipient or community states in writing that it will not use this power.
 - *Example: The subrecipient has identified parcel (s) for a project but will not use its powers to obtain the property through condemnation. In this case, the subrecipient and/or buyer must inform the seller of this fact in writing and, if the offer is not accepted, be prepared to look for another property as the condemnation process will not be used to acquire the identified parcel.*
- Purchases where a subrecipient, agency, or person does not have the power of eminent domain.
 - *Example: A nonprofit organization without the power of eminent domain is looking for properties suitable for purchase, rehabilitation, and resale. All their negotiations must be conducted in accordance with the rules for voluntary acquisition.*

- Purchases of property from government agencies (federal, state, or local) where the subrecipient does not have the power of eminent domain over the other entity.
 - *Example: A nonprofit organization without the power of eminent domain selects a vacant lot that is owned by the Corps of Engineers. The nonprofit organization would never be able to purchase the property if the Corps is not agreeable to their offer.*

Each type of voluntary acquisition, and the URA requirements pertaining to each, is described as follows:

- The public notice, advertisements and literature should include a description of what the subrecipient intends to purchase, its reasons, and any conditions of which a seller should be aware.
- The voluntary acquisition policy must state that if a mutually satisfactory agreement cannot be reached, the subrecipient will not buy or condemn the property for the same purpose.
- The subrecipient should indicate that owner-occupants are not eligible for relocation benefits in the public notice and the acknowledgement form should be attached to the purchase offer.

While owner-occupants of a property acquired through voluntary acquisition are not eligible for relocation benefits, all tenants in legal occupancy (including non-residential occupants) are protected by the URA and are eligible for relocation benefits under the URA.

10.9.4 Voluntary Acquisition by a Subrecipient or Persons Acting on behalf of a Subrecipient with the Power of Eminent Domain

To be considered a voluntary acquisition by a subrecipient with the power of eminent domain, the property may not be part of a planned or designated project area where substantially all the property in the area will be purchased within a specified time frame.

The search for alternative sites for the project or activity may be limited to one geographic area, but if none of the owners are willing to sell voluntarily, the subrecipient must be prepared to look in another area for a suitable site. Where a subrecipient wishes to purchase more than one site within a general geographic area on this basis, all owners are to be treated in an equivalent or like manner.

If a subrecipient determines that a specific site is necessary for a program or activity it is planning to undertake, then the sale cannot be considered voluntary. It is assumed that, if negotiations fail, the subrecipient could ultimately acquire the property through condemnation. Thus, the acquisition is **not** considered voluntary.

If someone else, such as a private developer or real estate agent, is authorized to act on the subrecipient's behalf in negotiating the purchase, and the subrecipient is prepared to intervene and use condemnation if the negotiations are unsuccessful, the acquisition is not considered voluntary.

In order to be voluntary, the subrecipient must meet all the requirements listed below and inform the property owner in writing:

- That federal funds are involved in the transaction; however, the subrecipient will not use its power of eminent domain if negotiations fail to result in an amicable agreement; and
- The subrecipient's estimate of the market value for the property to be acquired as outlined below.

To estimate market value in a voluntary acquisition, subrecipients must follow specific procedures:

- A formal appraisal is not required by the URA in voluntary acquisitions. However, the purchase may involve a private lender requiring an appraisal.
- While an appraisal for voluntary transactions is not required, subrecipients may still decide that an appraisal is necessary to support their determination of market value, subrecipients must have some reasonable basis for their determination of market value.
- If an appraisal is not obtained, someone with knowledge of the local real estate market must make this determination and document the file.

After a subrecipient has established a market value for the property and has notified the owner of this amount in writing, a subrecipient may negotiate freely with the owner in order to reach agreement. Since these transactions are voluntary, negotiations may result in agreement for the amount of the original estimate, an amount exceeding it, or for a lesser amount.

Although not required by the regulations, it could be appropriate for subrecipients to apply the URA administrative settlement concept and procedures in the URA regulations to negotiate amounts that exceed the original estimate of market value (if they can demonstrate that the offer was reasonable and necessary to accomplish the project). If subrecipients anticipate they will offer an amount greater than market value, they must submit a request in writing and provide supporting documentation to NCORR for a basis to pay an amount that is more than market value. NCORR must provide approval prior to payment.

Subrecipients cannot take any coercive action in order to reach agreement on the price to be paid for the property.

10.9.5 Voluntary Acquisition by Organizations without the Power of Eminent Domain (Including Nonprofits and Individuals)

Nonprofit organizations and individual buyers generally do not have the power of eminent domain. Under such circumstances, the requirements for URA are limited. In these types of purchases, the buyer, who could be a private citizen, a developer, or an organization, must inform the seller of three things in writing:

- The buyer does not have the power of eminent domain,
- Federal funds are involved in the acquisition of their real estate, and the owner will not be eligible for relocation benefits, and
- An estimate of the fair market value of the property.

After the buyer/subrecipient has determined the property's market value and has notified the owner of this amount in writing, the buyer/subrecipient may negotiate freely with the owner in order to establish the purchase price.

If the seller refuses to accept the offer, the buyer/subrecipient must look for another property to purchase.

In voluntary transactions, the seller must be notified of the preceding information using Exhibit TBD *"Disclosures to Seller with Voluntary Arm's Length Purchase Offer"*. If, for any reasons, the seller is not informed of these facts prior to the closing, the seller should be immediately informed and allowed to withdraw from the purchase agreement without penalty.

10.9.6 Voluntary Acquisition of Government Property

Acquisition is considered voluntary when the property is owned by a government agency and the buyer does not have the power of eminent domain. Subrecipients and individual buyers do not possess the legal authority to condemn government-owned property.

10.9.7 Property Donations

Voluntary acquisition included donations of real property; however, the owner must be fully informed of his or her rights under the URA, including the right to receive a payment for the property. In addition, the owner must acknowledge his or her URA rights and release the subrecipient, in writing, from its obligation to appraise the property. The subrecipient must retain this acknowledgement in the project file. Exhibit TBD should be used as a template for the subrecipients as the “Seller Acknowledgement of Acquisition and Relocation Rights and Benefits under the Uniform Relocation Act”.

10.9.8 Involuntary Acquisitions

No CDBG-DR funds may be used to support subrecipients for projects that seek to use the power of eminent domain unless eminent domain is employed for a public use. Any subrecipient considering the involuntary acquisition of property must notify NCORR during the application process and/or prior to contacting property owners for review and approval.

10.10 FINANCIAL MANAGEMENT

NCORR has in place proficient financial controls. NCORR, as well as those administering CDBG-DR resources, continuously demonstrates conformity with financial management requirements as shown in 2 CFR 200 and applicable Federal Register Notices. These requirements include, but are not limited to, areas covering: Financial Management; Advances; Internal Controls; Accuracy of Report Information; Program Income; Salaries and Wages; Indirect Costs; Lump Sum Drawdowns; and Single Audit provisions pursuant to 2 CFR 200 Subpart F (formerly OMB Circular A-133). NCORR’s financial management system ensures that NCORR funds are managed with high levels of accountability and transparency.

NCORR’s Compliance Team ensures that NCORR’s Financial Management practices adhere to the following:

- Internal controls are in place and adequate;
- Documentation is available to support accounting record entries;
- Financial reports and statements are complete, current and reviewed periodically; and
- Audits are conducted in a timely manner and in accordance with applicable standards.

10.11 INSURANCE AND USE OF PROPERTY

For all projects in the Public Housing Restoration Fund, all subrecipients must procure and maintain insurance for the duration of the Subrecipient Agreement to protect all contract assets from, such as theft, fraud and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the recipient is responsible for ensuring that:

- The property continues to be used for its intended (and approved) purpose; and
- The recipient keeps track of, and takes care of, the property.

Applicants must follow and comply with HUD requirements. At a minimum, recipients must comply with the bonding requirements at 2 CFR 200.325, as applicable, and with the requirements of their subrecipient agreement.

Insurance Waiver

NCORR subrecipient agreements require that subrecipients incorporate all necessary terms and conditions in any contract entered into under the subrecipient agreement. The terms and conditions require that any contractor providing services to a NCORR subrecipient must obtain and maintain certain types and amounts of insurance coverage. The terms and conditions also provide that NCORR may waive, decrease, alter or amend these insurance requirements in writing. It is typically the responsibility of NCORR's Chief Financial Officer to approve a waiver or alteration of insurance requirements.

10.12 RECORDKEEPING, RETENTION, AND FILE MANAGEMENT

In accordance with HUD regulations, NCORR as the grantee follows the records retention requirements cited in 2 CFR 200, which includes financial records, supporting documents, statistical records and all other pertinent records. A subrecipient must retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for three (3) years from the time of closeout of HUD's grant to the State or for the period provided in the CDBG regulations at 2 CFR 200.333. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the retention period, then all such records must be retained until completion of the actions and resolution of all issues, or for the retention period, whichever occurs later.

Every subrecipient and contractor are required to establish and maintain at least three major categories of records: Administrative, Financial, and Project/Case Files.

10.12.1 Administrative Records

These are files and records that apply to the overall administration of the recipient's CDBG-DR activities. They include the following:

- Personnel files;
- Property management files;
- General program files, including files relating to an individual project;
- Subrecipient agreement documentation, program policies and guidelines;
- All correspondence with NCORR and reports to/from NCORR; and
- Legal files: Articles of incorporation, bylaws of the organization, tax status, board minutes, and other agreements.

10.12.2 Financial Records

These include the chart of accounts, a manual on accounting procedures, accounting journals and ledgers, source documentation (purchase orders, invoices, canceled checks, etc.), procurement files, bank account records, financial reports, audit files, etc.

10.12.3 Project/Case Files

These files document the activities undertaken with respect to specific individual beneficiaries, property owners, and/or properties.

10.12.4 Reporting

As a recipient of CDBG-DR funds, NCORR has established reporting requirements for all subrecipients and contractors in their respective subrecipient and contractor agreements and contracts in accordance with 2 CFR 200. The Program reviews reporting requirements for stand-alone public housing administration projects at five different intervals, as applicable:

- At execution of agreements;
- Monthly;
- Quarterly;
- Annually; and
- As required.

Subrecipients and contractors submit the required documents and reports to NCORR at the times indicated in the Subrecipient Agreement, and in the format prescribed by the Public Housing Restoration Fund staff. Deviations from this requirement must be pre-approved by program staff.

The Public Housing Restoration Fund will review reports for projects that are ongoing according to HUD reporting requirements. At the discretion of the Manager of the Public Housing Restoration Fund, large projects may instead follow the reporting requirements for stand-alone projects as described above.

10.12.5 Record Retention

Record retention is a requirement of the Program. Records are maintained to document compliance with Program requirements and Federal, State, and local regulations and to facilitate a review or audit by HUD. Records are maintained in accordance with Section 2.9.15. The NCORR Records Management Program seeks to ensure that:

- NCORR complies with all requirements concerning records and records management practices under Federal and State regulations;
- NCORR has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements and community expectations;
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner.

10.12.6 Access to Records

24 CFR 570.490 Recordkeeping requirements:

“(c) Access to records.

(1) Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt and use of CDBG funds and necessary to facilitate such reviews and audits.

(2) The State shall provide citizens with reasonable access to records regarding the past use of CDBG funds and ensure that units of general local government provide citizens with reasonable access to records regarding the past use of CDBG funds consistent with State or local requirements concerning the privacy of personal records.”

The availability of records is subject to the exemptions to public disclosure set forth in North Carolina Public Records Law. All Freedom of Information Act (FOIA) requests must be made in writing to NCORR and will be processed in accordance with these procedures.

10.13 AUDIT TRAIL

All records defined by the organization as important are captured in the state’s system so they can be appropriately managed. The system contains both grantee and project level files, providing immediate tracking and imaging of Program documentation, including but not limited to, project selection, development and implementation activities, recipient agreements and other agreements, financial management and citizen participation data, ensuring data security and oversight creating a clear audit trail of the Programs. The system also includes all M/WBE, Section 3 and Labor compliance (Davis-Bacon) report submissions from NCORR recipients and direct contractors.

All applicant data is secured in the system for a specified period of time in accordance with the current Record Retention and Disposition Schedule.

Recordkeeping, including scanning, uploading to NCORR’s management information system, and filing of pertinent Program documentation retention policies, provides an electronic record of activities so that documentation is accessible for audit purposes. Auditors and other parties can request physical, paper copies as needed.

To protect non-public personal information, data security measures are in place. This includes hardware and software data security protocols and contractors having signed non-disclosure agreements. NCORR also requires that hard copy files containing non-public personal information be kept in locked file cabinets to ensure their physical security and passes this requirement onto subrecipients as well.

10.13.1 Audit Requirements

In accordance with Subpart F of 2 CFR 200, non-Federal entities that expend \$750,000 or more during their fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions therein. It shall be the responsibility of the awarded entity to properly procure and have such audit completed in a timely manner. Compliance Team is responsible for conducting reviews of these single or program-specific audit reports and for coordinating the issuance of management decisions for audit findings relating to NCORR-provided Federal funds.

10.13.2 Conflicts of Interest and Confidentiality

Conflicts of interest between covered persons (e.g., applicants, recipients, program administrator, contractors, and program staff) and other parties are strictly prohibited by Federal law.

A “covered person” is an employee, agent, consultant, officer, or elected official or appointed official of the State, or of a unit of general local government, or any designated public agencies, or recipients that are receiving CDBG-DR funds. Generally, no person who is a covered person, and who exercises or has exercised any functions or responsibilities with respect to CDBG-DR activities and who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

The conflict of interest regulations contained in the contract between the recipient and the State prohibit locally elected officials, State staff, recipient employees, and consultants who exercise functions with respect to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with who they have family or business ties, during their tenure or for one year thereafter.

10.13.2.1 Conflicts of Interest

The Program requires all program staff to disclose any relationship with an Applicant or contractor. Public Housing Restoration Fund staff, recipients, program administrators, and contractors who disclose such relationships are placed in roles where there is no opportunity for them to display favoritism or collude in order to financially or otherwise benefit themselves, the Applicant, or the contractor. For example, a Customer representative may not perform work on the project information form of family. For purposes of this regulation, “family” is defined at 24 CFR 570.489(h).

NCORR may consider granting an exception to the conflict of interest provisions per 24 CFR 570.489(h)(4) if NCORR has determined that the recipient has adequately and publicly addressed all of the concerns generated by the conflict of interest and that an exception would serve to further the purposes of Title I of the Housing and Community Development Act of 1974, as amended and the recipient has complied with the requirements listed in 24 CFR 570.489(h)(4)(i) and (ii).

NCORR considers whether the exception provides a significant cost benefit or essential degree of expertise; whether the opportunity was provided for under open competitive bidding or negotiation; whether the person affected is LMI, whether the affected person has withdrawn from his or her functions or responsibilities; whether the interest or benefit was present before the affected person was in a position to benefit from the conflict of interest; or whether undue hardship results from failure grant the exception. In addition, NCORR will take into account conflict of interest prohibitions under state law, including the prohibition against self-benefiting under a public contract (G.S. 14-243) and misuse of nonpublic information for private financial gain (G.S. 14-234.1).

10.13.2.2 Confidentiality/Privacy

The Public Housing Restoration Fund is committed to protecting the privacy of all of our individual stakeholders, including the public and those individuals working on the Program. The Program’s policies describe how information is to be handled and protected. The purpose of this privacy policy is to establish when and under what conditions certain information relating to individuals may be disclosed.

The data collected from applicants for the Public Housing Restoration Fund may contain personal information on individuals that is covered by the Federal Privacy Act of 1974 and North Carolina state laws. These laws provide for confidentiality and restrict the disclosure of confidential and personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. The information collected may only be used for limited official purposes:

- Program staff may use personal information throughout the award process to ensure compliance with program requirements, reduce errors and mitigate fraud and abuse.
- Independent Auditors, when hired by the program to perform a financial or programmatic audit of the program, for use in determining program compliance with all applicable HUD and Federal regulations, including the Stafford Act, CDBG-DR requirements and State and Local law.
- NCORR may disclose personal information on an Applicant to those with official Power of Attorney for the Applicant or for whom the Applicant has provided written consent to do so.
- Organizations assisting the State in executing the CDBG-DR Program must comply with all Federal and State Law Enforcement and Auditing requests. This includes, but is not limited to, HUD, FEMA, FBI, and the Office of the Inspector General.

10.14 Program Income

In accordance with 24 CFR 570.489(e), 24 CFR 570.500, 24 CFR 570.504 and Federal Register Notice 5844, net income generated from the use of CDBG-DR funds allocated under this Program is recognized by NCORR as program income that may be required to be returned to NCORR or may be retained by the subrecipient, subgrantee or other NCORR-allocated recipient of CDBG-DR funds, at the discretion of NCORR. Projects that may generate program income must include documentation and a plan for treatment of program income for review. NCORR will, on a case-by-case basis, evaluate the impact of the repayment and/or collection of any and all program income received by a partner under this Program and will appropriately address the treatment of program income within the individual funding award agreements.

11.0 Acronyms and Definitions

11.1 ACRONYMS

CDBG-DR	Community Development Block Grant-Disaster Recovery
DOB	Duplication of Benefits
DUNS	Data Universal Numbering System (Dun & Bradstreet)
EA	Environmental Assessment
FEMA	Federal Emergency Management Agency
HUD	U.S. Department of Housing and Urban Development
LEP	Limited English Proficiency
LMI	Low- and Moderate-Income
NCORR	North Carolina Office of Recovery and Resiliency
NEPA	National Environmental Policy Act
NFIP	National Flood Insurance Program
PHA	Public Housing Authority
SAM	(Federal) System for Awards Management

SBA	Small Business Administration
URA	Uniform Relocation Act

11.2 DEFINITIONS

100-year floodplain: The area defined by FEMA subject to inundation from a flood having a one percent or greater chance of being equaled or exceeded in any given year. Shown as Zones AE, AH, AO, etc. on the Flood Insurance Rate Map (FIRM).

Action Plans: The public documents required by HUD that detail the State of North Carolina's storm recovery Programs and allocation of CDBG-DR funding.

Administrator: NCORR is the administrator of the CDBG-DR funds. As such, NCORR is responsible for disaster recovery Program planning and implementation, budget monitoring, public engagement, and performance reporting.

Advisory Base Flood Elevations (ABFE): ABFEs are advisory in nature and more accurately reflect the true 1% annual chance flood hazard elevations in a given area. Following large storm events, FEMA performs an assessment to determine whether the 1% annual chance flood event, shown on the effective FIRMs adequately reflects the current flood hazard. In some cases, due to the age of the analysis and the science used to develop the effective FIRMs, FEMA determines there is a need to produce ABFEs. ABFEs are provided to communities as a tool to support them in recovering in ways that will make them more resilient to future storms.

Applicant: Any Public Housing Authority, affiliated entity, including Unit of General Local Government (UGLG)) that submits an application for assistance to the *NCORR ReBuild NC Public Housing Restoration Fund*.

Appeal: A written request by an Applicant/Program Participant asking for a reversal of a determination that affects their eligibility and/or amount of assistance they may receive from a ReBuild NC Program.

Area Median Income (AMI): The median (middle point) household income among all households in an area, before taxes, adjusted for household size as published and annually updated by the U.S. Department of Housing and Urban Development. Once household income is determined, it is compared to HUD's income limit for that household size.

Base Flood Elevation (BFE): The BFE is the regulatory requirement for the elevation or flood-proofing of structures. It is the computed elevation to which floodwater is anticipated to rise during the base flood. Base Flood Elevations (BFEs) are shown on Flood Insurance Rate Maps (FIRMs) and on the flood profiles.

Coastal High Hazard Areas: are the areas subject to high velocity waters, including but not limited to hurricane wave wash or tsunami as designated by the Flood Insurance Rate Map (FIRM) under FEMA regulations as Zone V 1-30, VE or V (V Zones).

Community Development Block Grant (CDBG): A federal program administered by the US Department of Housing & Urban Development (HUD) which provides grant funds to local and state governments. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

Community Development Block Grant – Disaster Recovery (CDBG-DR): A federal Program administered by the U.S. Department of Housing and Urban Development (HUD) that provides grant funds to local and state governments to assist with eligible recovery efforts after a natural disaster that may include such activities as homeowner and rental repairs and elevations, acquisition of at-risk properties, and infrastructure repairs.

Covered Storm: Hurricane Matthew, Hurricane Florence, or as further defined for qualifying events under the program.

Demolition: The planned razing, or tearing down, of properties acquired under the Public Housing Restoration Fund. Demolition will be followed by the clearance and safe disposal of the remnants of the former structure.

Developer: Developer is defined by HUD as “[a] for-profit or private nonprofit individual or entity receiving HUD assistance from the grantee for the purpose of (1) acquiring homes and residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with the redevelopment of demolished or vacant properties.”.

Disability: For the purposes of the Program, “disability” is consistent with federal law under The Social Security Act, as amended, 42 U.S.C. §423(d), The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §12102(1)-(3), and in accordance with HUD regulations at 24 CFR §§5.403 and 891.505.

Disaster Recovery Grant Reporting System (DRGR): The Disaster Recovery Grant Reporting system was developed by HUD’s Office of Community Planning and Development for the CDBG-DR Program and other special appropriations. Data from the system is used by HUD staff to review activities funded under these Programs and for required quarterly reports to Congress.

Duplication of Benefit (DOB): Financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds.

Environmental Review Record (ERR): A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents.

Federal Emergency Management Agency (FEMA): An agency of the United States Department of Homeland Security. The agency’s primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

Federal Register Notice: Notices posted in the Federal Register by HUD inform state grantees of the funding available for recovery efforts as well as HUD’s rules and guidelines for the allocation and expenditure of the funds.

FEMA-Designated High-Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Floodplain: (also known as the “Base Flood”): is the low, flat, periodically flooded lands adjacent to rivers, lakes and oceans and subject to geomorphic (land-shaping) and hydrologic (water flow) processes.

Floodway: (also known as the “Regulatory Floodway”) is the portion of the Floodplain effective in carrying flow where flood hazard is generally the greatest, and water velocity is the highest. In the Floodway, fill or other development is likely to divert flow and contribute to increased water depths during a flood. Ideally, Floodways should be undeveloped areas that can accommodate flood flows with minimal risk.

Flood Zones: The land areas identified by the Federal Emergency Management Agency (FEMA). Each flood zone describes that land area in terms of its risk of flooding.

Grantee: Any jurisdiction receiving a direct award of funding from HUD.

Household: All persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the low to moderate income objective is based on the AMI of the household.

Hurricane Florence: A major hurricane which made landfall on September 14, 2018, and for which the state of North Carolina received a presidential disaster declaration. Fifty-two counties in North Carolina were included in the declaration.

Hurricane Matthew: A major hurricane which made landfall on October 8, 2016, and for which the state of North Carolina received a presidential disaster declaration. Fifty counties in North Carolina were included in the declaration.

Internal Revenue Service (IRS): Federal department responsible for tax collection and tax law enforcement.

Limited English Proficiency (LEP): A designation for persons that are unable to communicate effectively in English because their primary language is not English and they have not developed fluency in the English language. A person with Limited English Proficiency may have difficulty speaking or reading English. An LEP person will benefit from an interpreter who will translate to and from the person’s primary language. An LEP person may also need documents written in English translated into his or her primary language so that person can understand important documents related to health and human services.

Low-to-Moderate Income (LMI): Low to moderate income people are those having incomes not more than the “moderate-income” level (80% Area Median Family Income) set by the federal government for

the HUD-assisted Housing Programs. This income standard changes from year to year and varies by household size, county and the metropolitan statistical area.

Minority & Women-Owned Business Enterprise (MWBE): A business that is owned and controlled (minimum of 51 percent ownership) by a member of a minority group (MBE), OR a business that is owned and controlled (minimum of 51 percent ownership) by a woman (WBE).

Most Impacted and Distressed (MID) Area: Statutory requirements state that HUD disaster recovery funds must be targeted to those areas identified to be “most impacted and distressed” based on an assessment of unmet need that remains to be addressed from a qualifying disaster. HUD identifies MIDs using the FEMA Individual Assistance Program data on housing unit damage as the core data for this designation. Examples of this requirement include: CDBG-DR funds allocated for Hurricane Matthew recovery require that 80% of the funds be spent in MIDs while CDBG-MIT funds require that 50% of MIT funds be spent within HUD-identified MIDs.

National Environmental Policy Act (NEPA): Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Flood Insurance Program (NFIP): Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.

National Objective: A HUD criterion governing the eligible uses of CDBG-DR funds.

[HUD] Office of Inspector General (OIG): OIG's mission is independent and objective reporting to the Secretary and the Congress for the purpose of bringing about positive change in the integrity, efficiency, and effectiveness of HUD operations. The Office of Inspector General became statutory with the signing of the Inspector General Act of 1978 (Public Law 95-452).

Person with Disabilities: [24 CFR 5.403]. A person with disabilities for purposes of program eligibility means a person who: Has a disability, as defined in 42 U.S.C. 423;

- (i) Is unable to engage in any substantial gainful activity due to any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or in the case of an individual who has attained the age of 55 and is blind, is unable due to such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he/she has previously engaged with some regularity and over a substantial period of time. For the purposes of this definition, the term blindness means central vision acuity of 20/200 or less in the better eye with use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purposes of this paragraph as having a central visual acuity of 20/200 or less.
- (ii) Is determined, pursuant to HUD regulations, to have a physical, mental, or emotional impairment that:
 - (A) Is expected to be of long-continued and indefinite duration, (B) Substantially impedes his or her ability

to live independently, and (C) Is of such a nature that the ability to live independently could be improved by more suitable housing conditions; or

(iii) Has a developmental disability, as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(8))

Presidentially-Declared Disaster: The Governor of a State or an Indian tribe may request a disaster declaration from the President of the US. All major disaster declarations are made solely at the discretion of the President.

Reconstruction: The labor, materials, tools, and other costs of rebuilding.

Repair: The labor, materials, tools, and other costs of improving buildings, other than minor or routine repairs.

Responsible Entity (RE): Under 24 CFR Part 58, the term “responsible entity” means the grantee receiving CDBG assistance, or for North Carolina, the administrator of the funds, which is NCORR. The responsible entity must complete the environmental review process. The RE is responsible for ensuring compliance with NEPA and the Federal laws and authorities has been achieved, for issuing the public notification, for submitting the request for release of funds and certification, when required, and for ensuring the ERR is complete.

Request for Proposal (RFP): A procurement document designed to solicit proposal services where cost is considered as a factor.

Small Business Administration (SBA): SBA's Office of Disaster Assistance (ODA) provides affordable, timely and accessible financial assistance to homeowners, renters, and businesses. The SBA low-interest, long-term loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses.

Special Flood Hazard Area (SFHA): The base floodplain displayed on FEMA maps. It includes the A and V zones.

Subrogation: The process by which duplicative assistance paid to the Partner after receiving an award is remitted to the Program to rectify a duplication of benefit.

Subrecipient: Various entities will be responsible for implementing program activities. The term subrecipient is used throughout to denote the relationship between NCORR and entities like Public Housing Authorities and developers.

Uniform Relocation Act (URA): A federal law that establishes minimum standards for federally funded Programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms.

Unit of General Local Government (UGLG): A city, county, town, village or other general-purpose political subdivision of a state.

Urgent Need Objective: Under the disaster recovery federal regulations, HUD has determined that an urgent need exists within the Presidentially Declared counties. An urgent need exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and the sub-grantee or state cannot finance the activities on its own because other funding sources are not available.

U.S. Department of Housing and Urban Development (HUD): Federal department through which the Program funds are distributed to grantees.