

Affordable Housing Development Program



Policy Manual

Version 1.1



Got Questions?

Email: housingsupport@reoregon.org

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Version History and Version Policy

The version history of the policy manual is tracked in the table below, with notes for each change. The dates of each publication are also tracked in the table.

Oregon Housing and Community Services (OHCS) will publish a new version after making substantive changes that reflect a policy change. The updated policy manual will be assigned a new primary version number, such as 2.0, 3.0, etc.

After making non-substantial changes, such as minor wording revisions and editing or clarification of existing policy that does not affect the interpretation or applicability of the policy, OHCS will publish a version of the document with a sequential number increase behind the primary version number, such as 2.1, 2.2, etc.

Amendments made to policy may go into effect on the date of the revision or may be applied retroactively, depending on the applicant pipeline and status of applicants in the program intake and recovery process. Whether a policy will be applied proactively or retroactively will be detailed in the version history below and/or within the relevant program sections.

Version Number	Date Revised	Key Revisions
1.0	January 2025	Original Affordable Housing Development Program Policy Manual
1.1	July 2025	Revisions to incorporate Substantial Amendment #3 and other minor revisions/clarifications

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Program Overview

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1 Program Overview

1.1 Program Authorization

In response to the wildfires and straight-line winds of 2020 (DR-4562), Oregon Housing and Community Services (OHCS) has developed the Affordable Housing Development (AHD) program to support long-term housing recovery in the eight counties most affected by the disaster.

On Oct. 29, 2021, the U.S. Department of Housing and Urban Development (HUD) allocated \$422,286,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to Oregon (87 Federal Register (FR) 6364) to support long-term recovery and mitigation efforts. OHCS is allocating \$104,419,572 to the AHD program to support affordable housing development and associated activity delivery costs (ADC) for the affected counties.

CDBG-DR grants are authorized under Title I of the Housing and Community Development Act of 1974 (HCDA), with waivers and alternative requirements outlined in the applicable Federal Register Notices and HUD Memos located at [hud.gov/program_offices/comm_planning/cdbg-dr/regulations](https://www.hud.gov/program_offices/comm_planning/cdbg-dr/regulations). The CDBG-DR funds are provided for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed (MID) areas resulting from a major disaster and are intended to address unmet needs that remain after all other forms of assistance have been exhausted. HUD maintains all federal rules, regulations, and documents related to the CDBG-DR allocation to Oregon.

Through the AHD program, OHCS is allocating CDBG-DR funding directly to county governments or an alternate entity that will be selected by OHCS, such as a public housing authorities or local governments within the jurisdiction, for a broad range of affordable rental and homeownership development activities that primarily benefit fire-impacted low- and moderate-income (LMI) households in the eligible counties, including new housing development and rehabilitation, as well as land acquisition and infrastructure development necessary for housing development and rehabilitation.

The counties or OHCS-approved alternate entity will serve as subrecipients to OHCS and are responsible for the compliant design, administration, and implementation of their projects and programs. OHCS will oversee, provide technical assistance to, and monitor subrecipients.

1.2 Purpose of the Policy Manual

This manual provides broad requirements for the use of CDBG-DR funds for rental or homeownership affordable housing development, land acquisition, or infrastructure development in support of a housing project and is intended for use by subrecipients implementing the AHD program. The manual includes information on key topics including:

- Funding allocations
- Eligible and ineligible activities
- Eligible project types
- Meeting the national objective
- Roles and responsibilities of OHCS and subrecipients
- Program administration
- General project requirements
- Monitoring requirements and recordkeeping

1.3 Directory of Acronyms

A directory of common acronyms that are used throughout the manual are included in [Acronyms](#).

1.4 Navigating the Manual

Users of this manual can jump from one section to another by clicking on the headers within the table of contents.

1.5 Purpose and Overview of the Program

The AHD program will provide funding for affordable housing development to support the unmet needs of disaster-impacted renters throughout the eight counties affected by the disaster. Eligible projects will include new construction or rehabilitation of properties for rental or homeownership housing, land acquisition, and infrastructure development on sites with a planned affordable housing project.

1.6 Program Allocations

Each county's allocation is shown in Table 1 below and includes ADC, defined as the allowable costs incurred for implementing and carrying out a specific CDBG-DR activity. ADC may include staff time, grant management services for subrecipients, insurance

policies, an environmental review contractor, and other costs necessary for the successful administration and implementation of the CDBG-DR project or program.

Subrecipients are responsible for defining cost reasonableness of a project and ADC costs within their program documents (e.g., policies, procedures, and notices of funding availability, etc.). Neither HUD nor OHCS defines a maximum project, per unit, or per project funding cap. ADCs must be clearly documented and comply with the Cost Principles outlined in 2 CFR Part 200 and the requirements included in OHCS Subrecipient and Financial Management manuals.

No additional CDBG-DR funds will be made available to AHD program subrecipients beyond the total amount allocated through county allocations. Additionally, the use of CDBG-DR funds on a subrecipient's AHD project will have no influence on funding decisions, including awards or timing of available funding, made by OHCS or the state regarding any other federal or state funding source.

The total AHD program allocation is \$104,419,572. To determine the areas eligible for financial assistance, HUD designated the MID areas, while the state designated an additional MID.

- **HUD-identified MID counties:** Clackamas, Douglas, Jackson, Lane, Lincoln, Linn, Marion
- **State-identified MID counties:** Klamath

*On July 14, 2025, HUD approved the Substantial Action Plan Amendment #3, which transferred the proposed AHD allocations to Linn and Marion to PIER to support the Gates Wastewater Collection System Project.

Table 1: AHD Program Allocations

MID County	AHD Allocation
Clackamas	\$7,747,747
Douglas	\$3,275,868
Jackson	\$61,591,276
Klamath	\$827,848
Lane	\$17,483,497
Lincoln	\$9,774,119
Linn*	\$0
Marion*	\$0

OHCS Activity Delivery	\$3,719,217
	\$104,419,572

1.7 CDBG-DR Requirements

1.7.1 Eligible Activities

The AHD program allows all eligible housing activities under HCDA along with applicable waivers identified in the Allocation Announcement Notice and the Consolidated Notice (87 FR 6364) and other applicable waivers or alternative requirements.

In accordance with Section II.B.1 of the Consolidated Notice of 87 FR 6364 (Appendix B), 42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3) are waived to the extent necessary to permit new housing construction. Additional waivers are shown below and can be found in the applicable section of the Consolidated Notice of 87 FR 6364.

Eligible Activity	HCDA	Activity Description and/or Applicable Waivers in Consolidated Notice (87 FR 6364)
Acquisition of real property	105(a)(1)	Section IV.F.: Waiver regarding voluntary acquisitions
Clearance rehabilitation, reconstruction, and construction of buildings and remediation activities	105(a)(4)	Section II.B.I: Waiver to allow new construction in addition to rehabilitation assistance
Removal of architectural barriers	105(a)(5)	
Relocation payments and assistance for displaced individuals and families	105(a)(11)	Section IV.F.: Waivers regarding relocation activities, including replacement housing payments
Provision of assistance (loans and grants) for activities carried out by public or private nonprofit entities	105(a)(14)	Only acquisition of land and/or buildings for end use of affordable housing
Eligibility of community-based development organizations	105(a)(15)	Housing-related activities only: Neighborhood revitalization, economic development, and energy conservation projects, such as the construction of energy efficient housing

Eligible Activity	HCDA	Activity Description and/or Applicable Waivers in Consolidated Notice (87 FR 6364)
Provision of direct assistance to facilitate and expand homeownership among persons of LMI	105(a)(24)	Section II.B.5.: Waiver allows assistance to homeowners up to and including 120% area median income (AMI). Homeownership assistance for households above 80% AMI must use the urgent need (UN) national objective.
Lead-based paint hazard evaluation and reduction, as defined in Section 4851b of this title	105(a)(26)	For construction activities only. Funding may not be used for programs.

1.7.2 Ineligible Activities

Ineligible activities are defined in 24 CFR Part 570.207 and may not be assisted with CDBG-DR funds. These include buildings used for general conduct of government, general government expenses, political activities, or purchase of equipment. Additionally, activities that meet any of the following criterion are ineligible for the program:

- Acquiring, rehabilitating, replacing, or constructing second homes as defined in Section 5.1.2.7 of the State of Oregon Action Plan
- Implementing projects or programs outside a MID area
- Failing to respond to a disaster-related impact
- Violating applicable CDBG-DR regulations without an appropriate waiver
- Lacking identification as eligible in the approved State of Oregon Action Plan
- Failing to meet a national objective
- Providing assistance to households over 120% AMI

1.7.3 Eligible Project Types

The following housing development types are eligible under the AHD program:

1. Affordable rental housing development
 - New construction
 - Acquisition and rehabilitation of existing substandard housing to affordable rental
 - Conversion of nonresidential or market rate properties to affordable rental

- Development of accessory dwelling unit (ADU)
- 2. Affordable homeownership housing development
 - Manufactured homes in parks or on owned land
 - Stick-built homes in a subdivision or on single lots — real property or land trust model
 - Acquisition and rehabilitation of existing substandard housing for long-term affordability
- 3. Property acquisition and/or infrastructure development for a planned affordable housing project to be completed within three years
 - Property (land or building) acquired for an affordable housing project
 - Infrastructure development for a planned affordable housing project

1.7.4 Tie Back to the Disaster

New construction or the rehabilitation of housing not damaged by the disaster is an eligible use of funds if the activity addresses a disaster-related impact and is located in a MID area. This impact can be demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of that stock to meet post-disaster needs and population demands.

1.8 Program Administration

1.8.1 OHCS Responsibilities

As the HUD grantee, OHCS serves as lead agency and will enter into subrecipient agreements with each MID county or OHCS-approved alternate entity to implement and manage the AHD program. A MID county may designate a municipality or public housing authority within the county to be the subrecipient for the AHD program.

The subrecipient agreement will outline the award's terms and conditions, including the total award amount and the period of performance in which the activities must be completed. Additionally, the agreement will outline the amount of ADCs that the subrecipient may retain for costs associated with their management and oversight of the project.

OHCS will retain oversight of the program, monitor all activities and expenditures of its subrecipients, provide technical assistance, and conduct scheduled and ad hoc quality and quality control (QA/QC) reviews to ensure all statutory and regulatory program requirements are met, including national objectives, fair housing, social equity and

nondiscrimination, procurement, labor standards, environmental regulations, compliance, construction standards, and eligibility.

Also, OHCS will monitor subrecipients to ensure that they have the capacity and expertise to manage the AHD program activities described in the approved scope of work. OHCS will perform a risk assessment of subrecipients and may provide technical assistance, training, and reviews of subrecipient documents on topics including:

- Program requirements
- Federal cross-cutting requirements and state overlays
- Reporting and performance requirements
- Subrecipients monitoring
- CDBG-DR compliance and eligibility, ensuring compliance with federal requirements, the Action Plan, and policy manual
- Project or programmatic amendments, contract changes, and exception requests prior to execution
- Funding cancel and recapture from subrecipients when projects are noncompliant with federal or programmatic rules or requirements

1.8.2 Subrecipient Responsibilities

A subrecipient is a public entity or qualified nonprofit organization that administers the AHD program on behalf of OHCS. Subrecipients act as an extension of OHCS and must follow the same federal rules.

In accordance with the OHCS agreement, the subrecipient must ensure that the CDBG-DR funds are used for the public purpose specified in the authorizing statute. Subrecipients must comply with all applicable federal and state requirements, including the following areas listed below. Additional compliance information can be found in the ReOregon Subrecipient Manual.

- Developing program policies and procedures
- Citizen participation requirements
- Project selection process
- Project monitoring of affordability and occupancy throughout the 30-year affordability period
- Environmental review
- Financial management
- Procurement

- Construction standards, management, and monitoring
- Fair housing and civil rights
- Duplication of benefits (DOB) Review
- Recordkeeping and reporting requirements
- Other administrative and program requirements
- Closeout
- Compliance with all applicable rules and regulations, including Section 3, Davis-Bacon and Related Acts (DBRA) and applicable Oregon prevailing wage requirements, Uniform Relocation Act (URA), and other applicable federal and state requirements

Each subrecipient will designate a primary point of contact for OHCS to communicate questions and information related to subrecipient roles, responsibilities, and matters.

1.8.3 Process for Approving an Alternate Subrecipient

OHCS will identify and select an alternate subrecipient when a county chooses to not administer the AHD program. An alternate subrecipient must be a public housing authority or municipality within the county or a qualified nonprofit organization. The entity must have the financial and organizational capacity and experience to administer the program.

1.8.4 Citizen Participation

Subrecipients must provide for and encourage citizen participation (see Section 104(a)(2) of the HCDA and 24 CFR Part 570.486) except where waivers or alternative requirements are provided. Subrecipients must prepare and adopt an outreach, marketing, and Citizen Participation Plan (CPP) as well as grievance procedures.

Recipients of CDBG-DR funds must comply with the CPP for CDBG-DR requirements as found in 87 FR 6364. All applicants and recipients of grant and/or loan funds shall be required to conduct all aspects of the program in an open manner with access to records on the proposed and actual use of funds for all interested persons. The plan also includes requirements for local governments receiving CDBG-DR funds.

1.8.5 Outreach and Engagement

Project selection and design will, where feasible, be informed by a robust outreach and engagement process. **All subrecipients must document their project selection methodology.**

OHCS recognizes that affordable housing needs may have been identified through prior efforts, including developing OHCS's action plan, the unmet needs assessment process since the wildfires and straight-line winds of 2020, and the substantial amendment development. Subrecipients and subgrantees must document their outreach and engagement efforts — including those undertaken prior to the development of the AHD program — and make intentional actions to specifically engage historically underserved or marginalized areas and locations. OHCS staff are available to advise and assist with such outreach efforts.

1.8.6 Citizen Participation Requirements

Recipients of CDBG-DR funds must comply with Oregon's CPP for CDBG-DR requirements as found in 87 FR 6364. All applicants and recipients of grant and/or loan funds shall be required to conduct all aspects of the program in an open manner with access to records on the proposed and actual use of funds for all interested persons. The plan also includes requirements for local governments receiving CDBG-DR funds.

Subrecipients must provide for and encourage citizen participation (see Section 104(a) (2) of the HCDA and 24 CFR Part 570.486) except where waivers or alternative requirements are provided. Subrecipients must prepare and adopt an outreach, marketing, and CPP as well as grievance procedures. Every reasonable effort must be made to make the information accessible (e.g., physical access, language translations, published online). Subrecipients and subgrantees may develop their own CPP that satisfies these requirements or adopt the CPP available at re.oregon.gov.

At a minimum, the subrecipients must post or publish public notices, hold a public hearing to discuss the project, and encourage feedback from the public. Each comment received during the public comment period must be recorded and addressed.

When a project is presented to the public through public notice and/or public hearing, the following information MUST be provided. Each point must be reflected in the published public hearing minutes:

- The nature of the proposed activities
- How the need for the proposed activities was identified
- How the proposed activities will be funded
- The requested amount of federal funds
- The estimated portion of federal funds that will benefit persons of LMI families
- Where the proposed activities will be conducted

- Plans to minimize the displacement of persons and businesses because of the funded activity
- Plans to assist persons displaced (if applicable)

1.8.7 Language Access Plan/Limited English Proficiency

Limited English proficiency (LEP) is a designation for persons who are unable to communicate effectively in English because their primary language is not English. Subrecipients must use a current language access plan (LAP) to determine the languages that materials need to be translated into and must describe which documents will be translated. Subrecipients must conduct the four-factor analysis described in the ReOregon Subrecipient Manual to determine if a LAP is required.

Subrecipients may adopt the local government's CDBG-DR LAP or [OHCS's CDBG-DR LAP](#). Reasonable accommodation must be given to those wishing to participate and give their input, including individuals living with disabilities.

Additional citizen participation requirements and the LEP/LAP four-factor analysis can be found in the [ReOregon Subrecipient Manual Chapter 8 - Fair Housing and Civil Rights](#).



Affordable Rental Housing Development

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2 Affordable Rental Housing Development

2.1 Rental Housing Definition

Rental projects may be one or more structures under common ownership and management located on a single site or multiple sites. For rental housing, occupancy by LMI households must adhere to the requirements in Section 2.3.1, and rents must be affordable as defined below. The following definitions apply:

- Single family housing: four units or fewer
- Multifamily housing: five units or more

2.2 Eligible Rental Housing Project Types

The following rental housing project types are eligible under the AHD program:

- New Construction — stick-built or manufactured
- Acquisition and rehabilitation of existing substandard housing
- Conversion of nonresidential or market rate properties to affordable rental housing
- ADU development as defined in Section 5.1.2.1.4 of the State of Oregon Action Plan

2.3 National Objective

The HCDA and 24 CFR Part 570.484, 24 CFR Part 570.200(a)(3), and 24 CFR Part 1003.208 require that all activities funded by CDBG-DR meet a defined national objective.

2.3.1 Low- and Moderate-Income Housing

The AHD program will meet the national objective of benefiting LMI persons at or below 80% of HUD's AMI using CDBG-DR for housing development activities.

While the UN national objective may be used to provide assistance to persons and households with incomes greater than 80% AMI, no direct housing assistance may benefit households greater than 120% AMI.

For rental housing projects, the LMI housing activity either provides (new construction) or improves (acquisition/rehabilitation/conversion) permanent, residential structures that will be occupied by LMI households upon completion. This includes new housing construction of one unit or more (including ADUs), the acquisition and rehabilitation of residential property, and the conversion of nonresidential property with an end use of affordable rental housing.

LMI Housing National Objective: LMI Occupancy Requirements

Rental Housing	LMI Occupancy Requirement (80% AMI or below)	UN (>80% to 120% AMI)
Single Unit	Must be occupied by LMI household.	NA
Two Attached Units (duplex)	One unit must be occupied by LMI household.	Second unit may be UN.
Triplex	Two units must be occupied by LMI households.	Third unit may be LMI or UN.
Quadraplex	Three units must be occupied by LMI households.	Remaining units may be LMI or UN.
More Than Four Units in a Single Structure*	Minimum of 51% of total units must be occupied by LMI households.	Remaining units may be LMI or UN.
ADU	Must be occupied by LMI household.	NA
New Construction Multifamily (five or more units) in Non-Age Restricted Communities Only	If LMI occupancy is between 20% and 50%, CDBG-DR funding must be proportional to the number of assisted units.	

2.4 Allocation Requirements

A minimum of 85% of each county's allocation (less planning and administration costs) must be used for activities that benefit LMI persons.

* In accordance with 24 CFR Part 570.483(b)(3) and 24 CFR Part 570.208(a)(3), if two or more rental buildings being assisted are or will be located on the same or contiguous properties and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure.

2.5 Prioritization

The program requires implementing prioritization for tenant/homebuyer selection for homes developed. Under the program, households with a verified residential loss (“directly impacted”) from the eligible disaster will be prioritized for any affordable housing units developed, with a focus on serving households with the highest and greatest need as shown below:

- **Priority No. 1:** Households with incomes at or below 80% AMI that have been directly impacted by the disaster
- **Priority No. 2:** Households with incomes between 80% and 120% AMI that have been directly impacted by the disaster
- **Priority No. 3:** Households with incomes at or below 80% AMI that have not been directly affected by the disaster

Housing assistance under the program is limited to households at or below 120% of the AMI as defined by HUD or a waiver.

2.6 Affordability Period

The AHD program requires a minimum affordability period of 30 years for all rental housing development projects under section 1.7.3 (except ADUs; see Section 2.6.1) funded under the program. The affordability period will commence upon recordation of the deed restrictions.

The rental affordability standards, including the applicable rent limits, period of affordability, and income requirements:

- Apply without regard to the term of any loan or mortgage, repayment of the AHD investment, or the transfer of ownership;
- Must be imposed by a deed restriction; and
- Must be recorded in accordance with State recordation laws

OHCS and/or their subrecipients may use purchase options, rights of first refusal, or other preemptive rights, as allowed by Oregon law, to purchase the housing before foreclosure or deed in lieu of foreclosure in order to preserve affordability.

The affordability standards must also be included in AHD funding/assistance agreements with development partners and/or owners, which should also be recorded with the land records.

Subrecipients may choose to establish policies that extend affordability beyond 30 years. If multiple funding sources require different affordability periods, the most restrictive period will apply, provided it exceeds 30 years.

2.6.1 ADU Affordability Period

New construction of ADUs that will be rented at rates affordable to households earning less than 80% of the AMI must be secured for an affordability period of no less than eight years. However, in the event that a project results in the new construction of five or more ADUs on a single or contiguous sites under the same ownership, a minimum affordability period of no less than 20 years shall apply.

2.7 Program Requirements

2.7.1 Environmental Review

All activities funded by CDBG-DR are required to complete an environmental review. Subrecipients will provide OHCS with a project description and federal funding amount for a determination about the level of environmental review. Subrecipients must then prepare the appropriate environmental review for each selected project in accordance with 24 CFR Part 58, including any mitigation plans or testing/reports, and submit it to OHCS for review and approval prior to obligating any project funds. Subrecipients who obligate funds for a project prior to receiving a notice to proceed from OHCS confirming that all environmental review steps have been completed may make their project ineligible for any disbursed funds, require repayment, and have penalties assessed for noncompliance. The subrecipient should identify existing staff with HUD and National Environmental Policy Act of 1969 (NEPA) experience or procurement services to accomplish this.

As the CDBG-DR grantee, OHCS assumes the role of responsible entity (RE) and is responsible for the review's scope and content as well as management of the environmental review record (ERR) and takes legal responsibility for the review. OHCS may allow a subrecipient to assume RE responsibilities if they have provided and documented appropriate experience with similar HUD programs, and the reviews are/will be exempt or CENST. This allowance must be provided in writing by OHCS to the subrecipient before any RE environmental actions commence.

Refer to the [ReOregon Subrecipient Manual Chapter 3 - Environmental Review](#) for more information and guidance. The subrecipient agreement will include requirements for the environmental review process.

2.7.2 Choice-Limiting Actions

No choice-limiting actions can be committed by any entity after there is intent to apply for federal funds and before the ERR is complete. Intent to apply is defined as the submission of an application for CDBG-DR funding.

A choice-limiting action reduces or eliminates a grantee's opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. Please contact OHCS with any questions about whether an action constitutes a choice-limiting action before undertaking the action.

2.7.3 Financial Management

Subrecipients must meet the financial management requirements of the uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) found in 2 CFR Part 200.

Subrecipients may need to develop procedures to bring their current systems into compliance with the requirements outlined in the Uniform Guidance. OHCS encourages its subrecipients to work with their own financial staff, accountants, and auditors to develop the systems and expertise needed to ensure control of the subrecipient's financial affairs to meet the federal requirements.

If program income is generated by a project, the subrecipient must establish policies and procedures for the management of the program income. See Section 4.39 in the [ReOregon Subrecipient Manual Chapter 4 - Financial Management](#) for more information on program income and guidance on financial management requirements.

2.7.4 Procurement

Subrecipients must ensure that their procurement policies comply with the federal requirements contained in 2 CFR Parts 200.318–200.326 and the requirements in the [ReOregon Subrecipient Manual Chapter 5 - Procurement](#). This includes the procurement of contractors, if the subrecipient is contracting for any goods and services directly.

While developers are typically not subject to federal procurement requirements, the subrecipient must ensure, through the selection and underwriting process, that developer's costs are necessary and reasonable.

Additional guidance may be found at [HUD's Buying Right CDBG-DR and Procurement: A Guide to Recovery](#). Whenever federal, state, or local procurement processes conflict, the most stringent regulation will apply.

2.7.5 Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. Section 5155) prohibits DOB. Program funds may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

Subrecipients must develop and adopt DOB policies and procedures prior to issuing any awards. OHCS can provide model language for a DOB policy. Failure to implement DOB policies and procedures risks audit findings and recapture of funds.

DOB requirements apply to any public funding sources provided by state, local, and Indian Tribal governments for the same purposes. A DOB occurs when:

- A beneficiary receives federal disaster funding (any person, business concern, or other entity such as a subrecipient receives assistance),
- The assistance is from multiple sources, AND
- The assistance amount exceeds the need for a particular recovery purpose.

Assistance is NOT considered duplicative when multiple sources are used for the same purpose, but the cumulative assistance does not exceed the total need.

The following are examples of assistance that must be evaluated during the DOB analysis:

- Cash (equity)
- Donations
- Insurance proceeds
- State or local funds
- Other federal funds
- Individual Assistance
- Federal Emergency Management Agency (FEMA)
- National Flood Insurance Program (NFIP)
- U.S. Small Business Administration (SBA)
- U.S. Army Corps of Engineers

The AHD program requires that subrecipients enter into a Subrogation Agreement with each recipient of CDBG-DR funding as part of their written agreement.

For more information on DOB, refer to the [ReOregon Subrecipient Manual Chapter 10 - Duplication of Benefits](#).

2.7.6 Uniform Relocation Act (URA) and Real Property Acquisition

The AHD program requires subrecipients to minimize displacement by developing policies and procedures to ensure compliance with the URA, as amended (49 CFR Part 24), Section 104(d) of the HCDA, as amended, and the implementing regulations at 24 CFR Part 570.496(a).

Subrecipients must develop project selection criteria that prioritize projects on unimproved land or vacant properties. Projects must comply with the URA if any activities funded by CDBG-DR result in any *permanently displaced person*, defined as any person who moves or moves their personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a project. Refer to 49 CFR Part 24.2(a) for the complete definition.

In the AHD program, URA requirements will apply when there is a tenant living at a property where CDBG-DR funds are used. Tenants are not considered voluntary participants and must be eligible for either temporary or permanent URA assistance depending on the number of months that the tenant is displaced. Any person displaced more than 12 months will be considered a permanently displaced person. All temporarily displaced persons will be fully informed of their rights and entitlements to relocation assistance and payments provided by URA. Additionally, tenants with disabilities must be relocated to units that meet their accessibility needs.

Refer to 49 CFR Part 24.202 (a) for detailed requirements for persons required to temporarily move.

2.7.7 State of Oregon Residential Anti-Displacement and Relocation Assistance Plan

The AHD program requires subrecipients to adopt the [State's Residential Anti-Displacement and Relocation Assistance Plan \(RARAP\)](#) or develop and adopt its own plan as allowed under the waiver for optional relocation plans. OHCS must review and approve a subrecipient's RARAP.

Refer to the [ReOregon Subrecipient Manual Chapter 9 - Acquisition and Relocation](#) for more information and detailed relocation requirements.

2.7.8 Eminent Domain Prohibition

CDBG-DR funds may not be used to support any federal, state, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for public use. Public use shall not be construed to include economic development that primarily benefits private entities.

2.8 Project Requirements

2.8.1 Selection Criteria

In accordance with the procurement requirements detailed in Section 2.7.4, subrecipients must develop and document selection criteria that conform to the general project requirements in this section. In order to minimize displacement, the AHD program requires selection criteria to prioritize projects that are proposed on unimproved or vacant properties.

2.8.2 Maximum Project Award

Subrecipients may establish minimum or maximum awards amounts provided that no individual project award exceeds the amount of the county's allocation. The maximum award per project is subject to a review of DOB and cost reasonableness evaluation. The DOB review and cost reasonableness (e.g., underwriting, independent cost analysis) must be detailed and consistently followed by the subrecipient.

2.8.3 Cost Reasonableness

Subrecipients must ensure that each application for funding includes a proposed budget with a detailed description of anticipated project costs by category, including support services and program management and administration, if applicable. Subrecipients must verify project costs, such as construction or rehabilitation costs, developer fees, and other soft costs are reasonable and consistent with current market costs for the project area. Pre-award costs are generally ineligible under the program, unless otherwise offered and approved in writing by OHCS; only costs incurred after award execution will be eligible for reimbursement.

2.8.4 Eligible and Ineligible Costs

Subrecipients will determine which costs may be reimbursed under the program. Examples of eligible costs include:

- Activity delivery costs for subrecipients to implement their program, including staff time and HUD environmental reviews
- Acquisition costs
- Architectural and engineering design
- Other soft costs including environmental and other professional fees

- Permitting fees
- Mobilization, site preparation, and cleanup
- Construction hard costs, including contractor fees
- Marketing, sales, and lease-up costs
- Developer fees

The following costs are ineligible under the AHD program:

- Costs incurred between the date of application and environmental clearance (Authority to Use Grant Funds (AUGF)) that constitute an adverse environmental impact or that limit the choice of reasonable alternatives pursuant to 24 CFR Part 58.22(a)
- Application development costs
- Advances of any type, including construction
- Interest and financing costs
- Facility operating or maintenance expenses
- Reserves
- Off-site improvements, except where the improvement is contiguously adjacent to the project parcel and serves the housing
- Construction or any other costs related to any nonresidential component of the project
- Reimbursement of a sponsor's or partner's capital investment or prepaid expenses
- Assistance for second homes

2.9 Construction Standards

The AHD program requires compliance with the OHCS design and construction standards outlined in the [Core-Development Manual](#) for multi-family dwellings of 5 or more units, as well as HUD's Green Building, Broadband, Accessibility, and other applicable construction standards listed below. For single-family units, ReOregon Construction Standards and the ReOregon Environmental Checklist shall be utilized. Subrecipients may establish standards in addition to the AHD program requirements.

Summary of Construction Standards (subject to revisions)

	New Construction (including ADUs)	Rehabilitation	Reconstruction
HUD Green Building and Energy Efficiency	All Projects	Substantial Rehabilitation Only	All Projects
HUD CPD Green Building Retrofit Checklist	NA	Rehabilitation (non-substantial)	NA
OHCS-Core Development	Five or More Units	Five or More Units	Five or More Units
Oregon Other Requirements	TBD	TBD	TBD
Lead Safe Housing	NA	Pre-1978 structures	NA
Section 504 Accessibility	Five or More Units	Five or More Units	Five or More Units
Reasonable Accommodations	All Projects	All Projects	All Projects
Broadband	More Than Four Units	Substantial Rehabilitation Only	More Than Four Units
Elevation	Only in 100-Year or 500-Year Flood Zone	NA	Only in 100-Year or 500-Year Flood Zone
Flood Insurance	All Projects (if required)	All Projects (if required)	All Projects (if required)

2.9.1 Construction Quality Assurance

Subrecipients must implement a process to address contractor fraud, poor quality work, and associated issues. To assist in the development of this process and policies,

subrecipients should refer to the [ReOregon Subrecipient Manual Chapter 14 - Fraud, Waste, and Abuse](#) for guidance and best practices. Additionally, all construction projects, including rehabilitation, must require a post-construction warranty period that includes a notification process to beneficiaries on a periodic basis, such as six months and one month before expiration date of the warranty.

Subrecipients must also describe its controls to ensure that construction costs are reasonable and consistent with market costs at the time and place of construction.

2.9.2 HUD Green Building and Energy Efficiency Standard

The HUD Green and Resilient Building Standard is a set of guidelines for the design, construction, and operation of housing that is both energy efficient and resilient to natural disasters. AHD program subrecipients **must** create policies that require green building and energy efficiency components in new construction, reconstruction, and rehabilitation of substantially damaged buildings.

HUD allows subrecipients to select from multiple industry-recognized standards to incorporate into each program's policy. These standards may differ from program to program.

Refer to [ReOregon Subrecipient Manual Chapter 11 –Green Building and Energy Efficiency](#) for definitions of substantial damage and substantial improvement as well as a list of industry -recognized standards that can be used to meet HUD's Green Building and Energy Efficiency requirements.

If the estimated cost of rehabilitation is less than 80% of the estimated cost of reconstruction, the project will qualify for rehabilitation assistance. If the estimated cost of repairs required to rehabilitate the property to program standards exceeds this amount, the project will only be eligible for reconstruction or replacement.

2.9.3 HUD CPD Green Building Retrofit Checklist

For the rehabilitation of residential projects other than those described as "substantial," OHCS requires that the subrecipient adhere to the [HUD CPD Green Building Retrofit Checklist](#).

"Substantial" improvement means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure before the "start of construction" of the improvement. This term includes structures that have incurred "substantial damage," regardless of the actual repair work performed.

2.9.4 Other Oregon Requirements

Other Oregon energy efficiency requirements include, but are not limited to:

- [2021 Oregon Energy Efficiency Specialty Code](#)
- [2023 Oregon Residential Specialty Code](#)

2.9.5 Lead Safe Housing Rule

The Lead Safe Housing Rule applies to pre-1978 properties that are disposed, acquired, and rehabilitated through the AHD program. Specific requirements depend on the activity, the type and amount of financial assistance, the age of the structure, and whether the dwelling is a rental or owner occupied.

The Lead Safe Housing Rule and its associated requirements can be found here at [Lead Safe Housing Rule](#).

2.9.6 Manufactured Housing Park Requirements

If the AHD project involves the preservation of a manufactured housing park, programmatic standards, requirements, and best practices can be found in the Preserved Manufactured Housing Park – Disaster Recovery Program Guidelines.

Subrecipients may contact OHCS for more information and guidance regarding the preservation of manufactured housing parks under the AHD program.

2.9.7 Accessibility Requirements

Subrecipients must ensure compliance with all federal accessibility requirements in projects funded through the AHD program. Actions to ensure compliance can be found in Section 8.5 of the [ReOregon Subrecipient Manual Chapter 8 - Fair Housing and Civil Rights](#).

2.9.8 Section 504 Requirements

To comply with Section 504, all projects with five or more units shall designate and maintain:

- At least 5% of the total dwelling units, but not fewer than one, are accessible for individuals with mobility impairments.
- An additional 2% of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

- The units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter.
- Accessible units must be equally distributed among different unit sizes and development types and must be disbursed on all accessible routes throughout the development.

2.9.9 Broadband Requirements

HUD requires that any substantial rehabilitation, reconstruction, or new construction of a building with more than four units must include the installation of broadband infrastructure that can receive high-speed internet in each unit. It does not require broadband services to be provided to residents. Exceptions to this requirement include:

- The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible.
- The cost of installing broadband infrastructure would result in a fundamental alteration in the nature of the grantee's program or activity or in an undue financial burden.
- The structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

2.9.10 Elevation Standards

CDBG-DR requires that all structures, defined at 44 CFR Part 59.1, designed principally for residential use and located in the 1% annual chance (or 100-year) floodplain, which receive assistance for new construction, reconstruction, rehabilitation of substantial damage, or rehabilitation that results in substantial improvement, as defined at 24 CFR Part 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least 2 feet above the 1% annual chance floodplain elevation (base flood elevation (BFE)). New housing that is developed in a flood-prone area or the 100-year floodplain must minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR Part 55.

If a proposed project or existing structure is in a 500-year floodplain, the structure must be elevated 3 feet above the 100-year floodplain.

2.10 Signage Requirements

The AHD program requires recognition requirements for all AHD-funded affordable rental housing development projects. The project signage should:

- Be placed in a prominent visible public area that is visually unobscured

- Be constructed of durable materials
- Be a minimum of 12" in height by 18" in length with lettering no smaller than ½"
- Include required text:
 - This project is funded by Oregon Housing and Community Services with funds allocated by the U.S. Department of Housing and Urban Development through the Community Development Block Grant Disaster Recovery program.

The OHCS contract administrator should be contacted with any requests to reduce the minimum size requirements or required text; or remove or add any language or recognition.

2.11 Flood Insurance Requirements

Although the wildfires and straight-line winds of 2020 were not a flooding event, OHCS is committed to ensuring that property owners are protected from future flooding disasters. The state, through the Department of Land Conservation and Development and Oregon Office of Emergency Management, is working closely with local floodplain managers to encourage residents, businesses, and local governments to maintain flood insurance, including for properties located outside the special flood hazard area (SFHA).

The state is also working closely with FEMA and local floodplain managers to understand the implications of Risk Rating 2.0 and the additional costs of flood insurance policies to help inform more resilient building codes and practices.

Rental properties funded through the AHD program must comply with all flood insurance requirements. For any property developed in a floodplain, flood insurance must be purchased as a condition for approval of AHD assistance, and the insurance must be maintained in perpetuity, regardless of transfer of ownership of such property. Prior to receiving assistance, copies of insurance must be submitted to both OHCS and the subrecipient and must be available upon request by OHCS or the subrecipient at any future date or during monitoring. Further, owners must pass on requirements to future owners. Owners shall also submit to OHCS and subrecipients the certification of compliance with Section 582(a) of the National Flood Insurance Reform Act of 1994.

2.12 Labor Standards

Subrecipients implementing projects involving construction contracts are required to comply with applicable labor-related laws and regulations. The subrecipient must designate an appropriate staff person to act as labor officer to ensure compliance with all requirements and to be the primary contact person for OHCS.

The responsibilities, applicable statutes, and steps to ensure compliance with all labor standards can be found in [ReOregon Subrecipient Manual Chapter 6 - Labor Standards](#).

Summary of Labor Standards

	New Construction (including ADUs)	Rehabilitation	Reconstruction
Davis-Bacon	Eight or More Units	Eight or More Units	Eight or More Units
Section 3	All Projects	All Projects	All Projects
Other Federal Labor Requirements	All Projects	All Projects	All Projects
Oregon Labor Standards	All Projects	All Projects	All Projects

2.12.1 Davis-Bacon Requirements

Subrecipients must develop policies and procedures to ensure compliance with DBRA, 40 USC Chapter 31, Subchapter IV. Within the AHD program, Davis-Bacon applies to:

- Residential construction that consists of projects involving the construction, alteration, or repair of **eight or more** separate, contiguous single-family houses operated by a single entity as a single project, or
- **Eight or more** units in a single structure

Davis-Bacon **does not apply** to the rehabilitation or reconstruction of residential structures containing fewer than eight units or force account labor (construction carried out by employees of the grantee or subrecipient).

Additional information regarding HUD guidance for compliance with Davis-Bacon can be found at hudexchange.info/programs/davis-bacon-and-labor-standards/.

2.12.2 Section 3

Section 3 ensures that economic opportunities generated by CDBG-DR target low- and very low -income persons, particularly those who live or reside in public or government-assisted housing. In accordance with Section 3, contractors using CDBG funding for housing construction and rehabilitation are to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the project area. Subrecipients must ensure Section 3 compliance in accordance with [ReOregon Subrecipient Manual Chapter 7 - Section 3](#).

2.12.3 Other Labor-Related Laws and Regulations

Subrecipients must comply with additional labor-related laws and regulations for projects involving construction contracts. Construction contracts for multifamily housing of eight units OR within excess of \$2,000 must comply with the following laws and regulations:

1. Federal Fair Labor Standards Act (29 USC Chapter 8)
2. Copeland Anti-Kickback Act (18 USC Section 874, 40 USC Section 3145)
3. Contract Work Hours and Safety Standards Acts (CWHSSA) (U.S. Department of Labor Field Operations Handbook, Chapter 15)
4. Oregon labor standards and local laws and regulations

2.13 Fair Housing and Civil Rights — Project Requirements

All rental projects require a tenant selection plan. **If a project contains five or more units**, a project-specific Affirmative Fair Housing Marketing Plan (AFHMP) is also required.

	New Construction (including ADUs)	Rehabilitation	Reconstruction
Affirmative Fair Housing Market Plan	Five or More Units	Five or More Units	Five or More Units
Tenant Selection Plan	All Projects	All Projects	All Projects
Reasonable Accommodations for Persons With Disabilities	All Projects	All Projects	All Projects

2.13.1 Affirmative Fair Housing Market Plan

The Affirmative Fair Housing Marketing Plan (AFHMP) is a marketing and outreach plan that describes outreach to minority groups in the community that are least likely to apply for housing. The AFHMP is required for:

- Multifamily developments of five or more units;
- Manufactured home (MH) lots of five or more lots, units, or spaces; or
- When an applicant's participation in the program causes or would cause them to exceed the development of five or more dwelling units during the year preceding the application

[HUD Handbook 8025.1](#) provides extensive guidance on AFHMP.

2.13.2 Vulnerable Populations

To enhance the ability to reach impacted residents, vulnerable populations, and members of underserved communities expedite their recovery, the following efforts must be included in the marketing of completed units:

- Performing outreach and engagement to facilitate connections with vulnerable populations
- Coordinating with local organizations to ensure that refugee and immigrant populations are aware of units being developed
- Coordinating with local nonprofit organizations that provide services to people with disabilities and historically underserved populations to ensure the promotion of the program and help remove barriers to assistance

2.13.3 Tenant Selection Plan

The tenant selection plan identifies policies and procedures that include descriptions of the eligibility requirements and income limits for admission to a property and must comply with the requirements of the Fair Housing Act (42 U.S.C. 3601–3620), which prohibits discrimination based on race, color, sex, religion, national origin, familial status, and disability.

The tenant selection plan must:

- Include any elderly restriction or preference in the admission of tenants, citing the supporting documentation.
- Be consistent with the purpose of improving housing opportunities.
- Be reasonably related to program eligibility and an applicant's ability to perform the obligations of the lease.

Extensive guidance may be found at [Occupancy Requirements of Subsidized Multifamily Housing Programs \(4350.3\)](#)

2.13.4 Reasonable Accommodations for Persons With Disabilities

Subrecipients must ensure that property management policies include requirements for reasonable accommodations for persons with disabilities, including:

- Ensuring reasonable accessible design standards
- Providing multiple options for how residents can submit applications
- Ensuring all website materials are Section 508 compliant
- Ensuring Americans With Disabilities Act (ADA) accessibility to applicant centers
- Providing multiple paths for applicants to receive information from program staff (over the phone, online, in person, through mobile intake centers, etc.)

2.14 Funding Structure

Subrecipients must establish policies that describe how CDBG-DR funds are provided to a project. Funds may be provided in the form of a loan or grant, and in addition to any security instrument, must include a deed restriction to enforce the 30-year affordability period in accordance with section 2.6.

During the affordability period, the affordability restrictions shall remain and not terminate upon the repayment of the loan or transfer of ownership (in part or whole). If a loan is structured as repayable, the subrecipient must establish a management process for the program income generated from the repayments. See Section 4.3.9 in the [ReOregon Subrecipient Manual Chapter 4 - Financial Management](#) for more information on program income.

The subrecipient must provide the necessary legal documents such as grants, loans, regulatory agreements, promissory notes, deeds of trust, subordination agreements, covenants, or deed restrictions. Legal documents typically include local and state requirements, and OHCS recommends that the documents are prepared and reviewed by experienced counsel. Sample documents can be found at [Resource Library - HUD Exchange](#).

2.15 Tenant Eligibility and Income Definition

To occupy a unit funded by CDBG-DR, tenants must qualify as LMI (at or below 80% of HUD's AMI) at initial occupancy and must be recertified annually. Subrecipients must ensure adequate policies and procedures for consistently applying their income verification methodology. Subrecipients may choose from two definitions of income:

- [Part 5 \(Section 8\) Definition of Income \(24 CFR Part 5.609 \(b\) and \(c\)\)](#)
- [IRS 1040 Definition of Income](#)

The income definition must be established prior to the start of the lease-up process and remain consistent throughout the property's affordability period.

2.16 Rent Limits

Subrecipients must ensure that rental projects have rents that are affordable for LMI households based on household size and income. The rent limits apply to the rent less the utility allowance.

Subrecipients may elect to use the following methods to establish rent limits:

- The fair market rent for existing housing for comparable units in the area as established by HUD under [24 CFR 888.111](#); [Fair Market Rents \(40th PERCENTILE RENTS\) | HUD USER](#), or
- A rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the AMI, as determined by HUD, with adjustments for number of bedrooms in the unit. The [HOME](#) rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

2.16.1 Utility Allowance

The net rent calculation must include a deduction for the utilities, such as electricity, natural gas, water, sewer, and/or trash collection (excluding telephone) paid by the tenant. Subrecipients must ensure utility allowances are updated annually and are based on the [HUD Utility Schedule Model](#) or other methods, such as a public housing authority utility allowance.

2.17 Project Monitoring Requirements

Subrecipients must create and maintain a monitoring plan to ensure their own and developer compliance with the AHD program and to ensure achievement of benchmarks. Each project or activity funded through the AHD program must remain in compliance with applicable federal requirements through the 30-year affordability period.

Subrecipients must review and report on procurement, budget, allowability, benchmarks, performance, and compliance with all CDBG-DR federal requirements. Monitoring procedures must:

- Look for instances of fraud, waste, and abuse.
- Take steps to prevent and address fraud, waste, and abuse.
- Report any instances of fraud, waste, or abuse to the appropriate authorities.

Detailed requirements and additional resources can be found in the [ReOregon Subrecipient Manual Chapter 13 - Monitoring and Audit](#) and [Chapter 14 - Fraud, Waste and Abuse](#).

2.18 Reporting and Recordkeeping

Subrecipients must prepare project reports to ensure funds are being spent according to the subrecipient agreement, program rules, and state and federal requirements. Records are to be maintained in accordance with 24 CFR Part 570.490 and 24 CFR Part 570.506. Records are kept to document compliance with program requirements and federal, state, and local regulations, and to facilitate audit review by HUD and other designated auditors.

Subrecipients shall retain all official records on Programs and individual activities shall be retained for the greater of five (5) years, starting from the closeout of the grant between OHCS and HUD, or the end of the affordability period for each housing activity, whichever is longer. If any other laws and regulations as described in 24 C.F.R. § 570.490 applies to a project, the record retention period may be extended. All records involved in litigation, claims, audits, negotiations, or other actions, which have started before the expiration date of their retention, will be kept until completion of the action and resolution of all issues or the end of the regular five (5) year period, whichever is longer.

CDBG-DR records, including program documents, are subject to the Freedom of Information Act (FOIA). More information on records management, please refer to the [ReOregon Subrecipient Manual Chapter 15 - Project Reports and Closeout](#).

2.18.1 Reporting Requirements

Subrecipients must submit a Certification of Inspection and Contract Construction Payment Request form with each draw request (Form 6-22), located in Chapter 6 of the ReOregon Subrecipient Manual. Payment requests will not be processed without the form completed in its entirety.

2.18.2 File Management

Subrecipients must fully document compliance with all applicable regulations. This is accomplished through maintaining comprehensive records and submitting all necessary reports.

The filing system should be easy to use and provide a historic account of activities for examination and review by the state, auditors, and local staff. For more information and details, please refer to ReOregon Subrecipient Manual. It provides lists of regulatory documentation necessary for the contract folder. However, each rental project assisted will also require a folder that relates only to that specific development. The content and requirements for each individual rental project file is detailed and outlined in the subrecipient agreement and includes but is not limited to the following:

- OHCS approved Project Description Form and Schedule
- Project selection criteria and documentation
- Budget documentation: program budget, project budget, rents and income projections, total development costs, operating expenses, financing sources, sources and uses, and operating proforma
- Project site evaluations, assessments, and land surveys
- Lead-based paint testing, reports, and clearance documentation, if applicable
- Site/property testing, if applicable (asbestos, radon, etc.)
- Property appraisal(s)
- Site control documentation (deed, lease, etc.)
- Local approvals: permitting, licensing, land use, and entitlements
- Architect/engineer and other development team contract documentation
- Competitive procurement documentation (ITB, RFP, RFQ, etc.)
- Project plans, drawings, and specifications, including cost estimates
- Insurance and bonding documentation
- Contractor/subcontractor debarment verification/certification documentation
- Executed contract (with contractor) documents
- Developer agreement and all associated paperwork including the DOB documentation
- Notice(s) to proceed
- Project status reports
- AFHMP, if applicable
- Tenant selection plan
- Affordable rent documentation
- Lease-up documentation
- Master complaint file
- Proof that recipient received a copy of the grievance procedures
- Land purchase agreements, if applicable

- Evidence of recorded affordability documentation
- Renter release for verification of income
- Verification of income and employment executed
- Recertification of income documentation
- Progress and final inspection reports, including punch lists
- Pre- and ongoing construction meeting agendas and minutes
- Labor standards documentation (certified payrolls, onsite interviews, section 3)
- Progress payments and final payment documentation (including cancelled checks)
- Change orders, if any
- General Contractor/Subcontractor/Material Affidavit, Warranties, and Release of Liens
- Certificates of occupancy
- Construction loan, if applicable
- Promissory note, if applicable
- Real estate mortgage, if applicable
- Follow-up visit inspection (within 60 days of job completion)
- Copies of written complaints, resolution, and correspondence (also include in master complaint file)

2.18.3 Single Audit

For any fiscal year(s) in which the subrecipient expends \$1,000,000 or more of (total) federal awards, the subrecipient is required to obtain an annual audit report, including the single audit requirements in 2 CFR Part 200 Subpart F. Subrecipients are responsible for submitting an audit to the Federal Audit Clearinghouse in a timely manner and a copy of the fiscal audit to OHCS.

2.18.4 Beneficiary Records

Subrecipients must maintain records for each household that receives CDBG-DR assistance. Beneficiaries must be tracked by income, race, and ethnicity as categorized by HUD, as well as by owner-occupied status, female-head of household (occupied by one or more children under the age of 18), elderly household (62 years of age and older), and disabled household.

Subrecipients must maintain all records, receipts, invoices and other documentation related to any repairs, construction, or cleanup of the property for three years from the date of the closeout letter (see Section 2.23 below).

2.18.5 Personally Identifiable Information

In accordance with federal requirements, Subrecipients must adhere to the Personally Identifying Information (PII) requirements established for the CDBG-DR program and as fully described in the ReOregon Subrecipient Manual.

2.19 Project/Program Closeout Procedures

Once CDBG-DR funds are fully spent and the projects are complete, the subrecipient must begin the process of closing out project activities under the subrecipient agreement. Timely closeout is the subrecipient's responsibility.

[ReOregon Subrecipient Manual Chapter 15 - Project Reports and Closeout](#) describes the closeout process, including the conditions subrecipients must meet to complete the process.



Affordable Homeownership Housing Development

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3 Affordable Homeownership Housing Development

3.1 Homeownership Housing Definition

Buyers of affordable homeownership housing properties must be LMI households at initial sale, consistent with standards adopted and publicized by the subrecipient.

3.2 Eligible Homeownership Housing Project Types

The following homeownership housing project types are eligible under the AHD program:

- New construction — stick-built or manufactured
- Acquisition and rehabilitation of existing substandard housing for conversion to homeownership
- Conversion of nonresidential or market rate properties to affordable homeownership

Units may be sold as fee-simple or community land trusts.

3.3 Homeownership Assistance

3.3.1 AHD Homebuyer Subsidy

Subrecipients may provide homeownership assistance as either a permanent homebuyer subsidy for homeownership units developed under AHD or directly to fire-impacted and/or income eligible homebuyers of non-AHD units as an alternative or addition to development of new housing units.

For homeownership units developed with AHD funding, subsidy to the homebuyer may be provided where needed for long-term affordability and will be structured as a fully or partially forgivable, zero-interest loan or grant. The award amount and structure will be calculated based on the applicant's household income, other reasonably priced resources available to the applicant for home purchase, and projected costs for maintaining the home and housing costs (e.g., property taxes, homeowner and flood insurance, utilities).

3.3.2 Non-AHD Homebuyer Subsidy

To provide flexibility for counties to identify additional opportunities for long-term affordable homeownership, direct homeownership assistance may be provided to fire-

impacted and/or income eligible homebuyers of non-AHD funded units as an alternative or addition to development of new housing units. Subrecipients may develop their own program using their allocation of AHD funding or return all or a portion of AHD funds to OHCS to be used for homebuyers in the subrecipient's MID county to be awarded through the appropriate Housing Support Services Down Payment Assistance (HSS-DPA) program subrecipient.

3.3.3 Eligible Homeownership Assistance Activities

Subrecipients may carry out the following eligible activities as a means of Homeownership Assistance to homebuyers of both AHD and Non-AHD developed units:

- subsidize interest rates and mortgage principal amounts for homebuyers with incomes at or below 120 percent of area median income;
- finance the acquisition of housing by homebuyers with incomes at or below 120 percent of area median income that is occupied by the homebuyers;
- acquire guarantees for mortgage financing obtained by homebuyers with incomes at or below 120 percent of area median income from private lenders, meaning that if a private lender selected by the homebuyer offers a guarantee of the mortgage financing, the grantee may purchase the guarantee to ensure repayment in case of default by the homebuyer. This subparagraph allows the purchase of mortgage insurance by the household but not the direct issuance of mortgage insurance by the grantee;
- provide up to 100 percent of any down payment required from homebuyers with incomes at or below 120 percent of area median income; and
- pay reasonable closing costs (normally associated with the purchase of a home) incurred by homebuyers with incomes at or below 120 percent of area median income.

3.3.4 Flood Insurance for AHD Homeownership

To protect the CDBG-DR investment and enable serving the state's most vulnerable active grantees, the Program may provide LMI households that demonstrate a financial hardship with assistance in obtaining their initial-required flood insurance. This assistance will cover the costs of flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, as amended, pursuant to 24 CFR 570.605 for one year. The one-year term flood insurance premium will be considered an eligible homeownership assistance cost, based on a subrecipient-evaluated quote.

3.4 National Objective

The HCDA and 24 CFR Part 570.484, 24 CFR Part 570.200(a)(3), and 24 CFR Part 1003.208 require that all activities funded by CDBG-DR meet a defined national objective.

3.4.1 Low and Moderate-Income Housing

The AHD program will meet the national objective of benefiting LMI persons at or below 80% of HUD's AMI using CDBG-DR for housing development activities.

While the UN national objective may be used to provide assistance to persons and households with incomes greater than 80% AMI, no direct housing assistance may benefit households greater than 120% AMI. HUD will only consider funding used for households with incomes at or below 80% of AMI to qualify as meeting the LMI national objective.

For homeownership housing projects, the LMI housing activity either provides (new construction) or improves (acquisition/rehabilitation/conversion) permanent, residential structures that will be occupied by LMI households upon completion. This includes, but is not limited to, new housing construction of one unit or more, the acquisition and rehabilitation of residential property, or the conversion of nonresidential property to residential, with an end use of affordable homeownership housing.

LMI Housing National Objective: LMI Occupancy Requirements for homeownership.

Homeownership Housing	LMI Occupancy Requirement (80% AMI or below)	UN (>80% to 120% AMI)
Single Unit	Must be occupied by LMI household.	May be UN only if 85% LMI benefit met.*
Two Attached Units (duplex)	One unit must be occupied by LMI household.	Second unit may be LMI or UN.
Triplex	Two units must be occupied by LMI household.	Third unit may be LMI or UN.

* AHD single-unit homeownership developments may be occupied by households with an income between 80.1% to 120% AMI only once the subrecipient has ensured that at least 85% of its AHD funds have met the LMI housing national objective by providing or improving permanent, residential structures that are occupied by LMI households.

Quadraplex	Three units must be occupied by LMI household.	Remaining units may be LMI or UN.
More Than Four Units in a Single Structure	Minimum of 51% of total units occupied by LMI households.	Remaining units may be LMI or UN.*

3.5 Allocation Requirements

A minimum of 85% of each county's allocation (less planning and administration costs) must be used for activities that benefit LMI persons.

3.6 Prioritization

The program requires implementing prioritization for homebuyer selection for homes developed. Under the program, households with a verified residential loss ("directly impacted") from the eligible disaster will be prioritized for any affordable housing units developed, with a focus on serving households with the highest and greatest need as shown below:

- Priority No. 1: Households with incomes at or below 80% AMI who have been directly impacted by the disaster
- Priority No. 2: Households with incomes between 80% and 120% AMI who have been directly impacted by the disaster
- Priority No. 3: Households with incomes at or below 80% AMI who have not been directly affected by the disaster

Housing assistance under the program is limited to households at or below 120% of the AMI as defined by HUD or a waiver.

3.7 Affordability Period

Homeownership projects are subject to affordability restrictions, which must be enforced during applicable affordability periods. The length of the affordability period for a specific AHD project will be determined by the type and amount of program assistance provided to the homebuyer and/or project development. The following types of affordability periods are allowable under the AHD program:

- Property resale affordability period ("Resale")
- Homebuyer affordability period ("Recapture")

Subrecipients must select either resale or recapture, but not both, for specific projects, in accordance with section 3.18, and in advance of awarding funds to the project. Additionally, affordability restrictions, including the length of enforcement (“affordability periods”) must be included in AHD funding/assistance agreements with development partners and/or owners, which should also be recorded with the land records.

Affordability requirements begin after execution of the instrument that requires the recapture or recordation of the resale restrictions for sale to the next homebuyer. Execution of the instrument that requires recapture or recordation of the resale restrictions for sale to the next homebuyer may only occur after the housing meets ReOregon/AHD property standards and the property title is transferred to the homebuyer.

3.7.1 Property Resale Affordability Period

Property resale affordability periods (“resale”) will be managed and enforced by the subrecipient or MH park owner or site developer and will be for a minimum of 30 years.

Subrecipients must use resale if AHD assistance is used to develop a homeownership unit and AHD funds are not used to provide a direct subsidy to the owner, including homeownership assistance and/or assistance that reduces the purchase price from Fair Market Value (FMV) to an affordable price (i.e. developer subsidy only).

When AHD assistance is used to develop a homeownership unit and AHD funds provide a direct subsidy to the owner, subrecipients may choose to adopt and implement either a resale provision or a recapture provision, as provided in section 3.7.2, for their AHD project; however, when possible, resale should not be used for AHD homeownership developments if other funding sources require the use of recapture.

If other state or federal funding sources require longer affordability periods, then the developer or MH park owner will be required to comply with the longer of the two affordability periods.

3.7.1.1 Resale Requirements:

The resale requirements will be recorded as a deed restriction or covenant on the property (for prefabricated homes placed in affordability-regulated MH parks or community land trusts, the resale restrictions may be outlined in the bylaws and/or lease agreements). The restrictions for homeownership units will ensure that if the housing does not continue to be the principal residence of the household for the duration of the property period of affordability, the housing will be made available for subsequent purchase only to a buyer

whose household qualifies as an LMI household and will use the property as the household's primary residence.

The subrecipient will ensure that the price at resale provides the homebuyer with a fair return on investment and will ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. The subrecipient will need to ensure it will be able to make the housing affordable to a low-income homebuyer in the event that the resale price necessary to provide fair return is not affordable to the subsequent buyer. To ensure compliance with the resale requirements, subrecipients must implement the resale provisions as provided in Section 3.7.1.2. In the event that the subrecipient wishes to implement a different provision, it must meet the requirements of 24 CFR Part 92.254(a)(5)(i), and it must be approved in writing by OHCS.

When a home is placed in an eligible MH park, OHCS and/or the subrecipient will work with the park owner(s) and the homebuyer to ensure that the home and/or site is preserved as affordable for the prescribed period of affordability through bylaws, lease agreements, covenants, and/or other means that accommodate different affordable park ownership structures (community land trusts, resident cooperatives, nonprofits, and public housing authorities).

OHCS and/or the subrecipient may work with local jurisdictions, nonprofits, community land trusts, housing authorities, or resident cooperatives to manage the resale process and/or ensure that the properties remain affordable for the duration of the affordability period.

If using a resale model, when a homebuyer sells his or her property, either voluntarily or involuntarily, during the affordability period, the AHD program requires:

- The property is sold to another low-income homebuyer who will use the property as their principal residence;
- The original homebuyer receives a fair return on investment, (i.e., the homebuyer's downpayment plus capital improvements made to the house); and
- The property is sold at a price that is affordable to a reasonable range of low-income buyers.

The resale provision is most effective when implemented with an experienced partner who has established resale formulas and prospective buyer waiting lists. Otherwise, the subrecipient must create a resale formula and process for determining a maximum resale price.

3.7.1.2 Resale Provision

The following resale provision shall apply:

- Prospective buyers are to be provided a notification and information about the resale requirements/policy prior to home purchase.
- The resale policy shall be enforced by deed restriction, restrictive covenant, or other security instrument that will be signed by the homebuyer at closing. The instrument must detail the following:
 - a. The applicable affordability period, based on CDBG-DR per unit subsidy.
 - b. The principal residency requirement (to be maintained during the entire AP).
 - c. The conditions that apply in the event the original owner wishes to sell during the applicable AP:
 - i. The owner must contact the subrecipient.
 - ii. The subsequent sale must be to a low-income homebuyer.
 - iii. The sales price must be affordable to subsequent buyer. To be affordable, principal, interest, taxes, and insurance (PITI) may not be greater than 30% of the new buyer's monthly household income.
 - iv. The subsequent buyer must agree to assume the balance of the affordability period.
- As required by the Consolidated Notice, and in accordance with 24 CFR Part 92.254(a)(5)(i), the owner must receive a fair return on investment, which shall be defined by using the Metropolitan Statistical Area (MSA) percentage of change, as determined by the Federal Housing Finance Agency's (FHFA) House Price Index (HPI) (also referred to as the "property's change in value") multiplied by the original homeowner's initial investment plus the value of any capital investments:

Fair Return on Investment = (Property's Change in Value) x (Original Homeowner's Initial Investment + Value of Capital Improvements)

Total Return to Homebuyer at Sale: Fair Return on Investment + Original Homeowner's Initial Investment + Value of Capital Improvements + Principal Paid

- a. The MSA percentage of change, as determined by FHFA HPI (also referred to as the "property's change in value"), is based on the [FHFA House Price Calculator](#). The tool "projects what a given house purchased at a point in time would be worth today if it appreciated at the average appreciation rate of all homes in the area." When determining the increase in value, the applicable MSA should be used based on the physical location of the property. The original date of purchase is based on the year and quarter during which the original sale occurred. The date of sale is based on the most current available year and quarter, as it applies to the date of resale.

- b. The original homeowner's investment (i.e., downpayment), if any, is based on original home purchase agreements/documents. Documentation must be provided by the original homeowner.
 - c. Homeowner capital improvements/investments shall have a value based on the actual costs of the capital improvements as documented by the official receipts or other applicable documents (e.g., contracts) and may include, but not be limited to, house additions; improvements and upgrades to main systems such as roofs, windows/doors, plumbing, heating/cooling, electrical, etc.; and site improvements such as new/replacement of driveways or walkways and the addition of fences, decks, and patios.
- In certain circumstances, such as in declining housing markets where values have realized depreciation, a return on investment may not be realized for the original homeowner. This may be especially true if the property sells for the same price or less than the original sale price.
 - In accordance with the Consolidated Notice and 24 CFR Part 92.254(a)(5)(i), the security instrument shall include a provision that ensures affordability to a reasonable range to low-income homebuyers upon resale. Specifically, subsequent sales during the affordability period shall be made to income eligible homebuyers. The applicable income eligibility range shall be between 60% and 80% of the AMI. Further, the sale shall be made to income-eligible homebuyers at an affordable rate, meaning no more than 30% of household income dedicated to housing costs (front-end ratio).

3.7.2 Homebuyer Affordability Period

The AHD program allows the subrecipient to require homeowners to repay a predetermined amount of sale proceeds when a homeowner, either voluntarily or involuntarily transfers all or part of the property's interest or stops using the property as a primary residence within the homebuyer affordability period.

Subrecipients may use a homebuyer affordability period ("recapture") when the homebuyer receives a direct subsidy, enabling the homebuyer to purchase the home. Direct subsidy includes eligible homeownership assistance under the AHD program, per section 3.3, as well as any assistance that reduces the purchase price from Fair Market Value (FMV) to an affordable price. Direct subsidy excludes the amount of AHD assistance provided to develop the unit that does not assist the homebuyer or reduce the purchase price paid by the homebuyer (i.e. developer subsidy).

When direct subsidy is provided to the homebuyer, the affordability restrictions, including the length of the affordability period and the amount due upon transfer of the property, are based on both the amount and type of direct subsidy provided. Subrecipients must structure their recapture provisions in accordance with the minimum requirements in section 3.7.2.4 below and may align the provisions with their specific AHD program design and local market conditions.

When possible, recapture should not be used for AHD homeownership developments if other funding sources require the use of resale.

The AHD program requires a minimum homebuyer affordability period of the projects in accordance with the [HOME](#) statute at 24 CFR Part 92.254(a)(4). The periods of affordability for homebuyer projects assisted by the AHD program are described are shown below:

AHD Direct Subsidy Per Unit (Without Homeownership Assistance)	Minimum Affordability Period (in Years)
Under \$15,000	Five years
Between \$15,000 and \$40,000	10 years
Over \$40,000	15 years
If Homeownership Assistance is Provided	30 years

Subrecipients may establish policies that extend affordability beyond the minimum requirement. If multiple funding sources require different affordability periods, the most restrictive period will apply, provided it exceeds the minimum requirement.

3.7.2.1 Direct Subsidy without Homeownership Assistance

When an income eligible homebuyer purchases an AHD assisted home below Fair Market Value (FMV), the difference between FMV and the purchase price (the “affordable price”) is considered a direct subsidy to the homebuyer. In this circumstance, if no additional direct subsidy in the form of homeownership assistance is provided, then the amount of direct subsidy 1) determines the total amount to be recaptured from net proceeds in the event the property is transferred during the affordability period; and 2) the length of the affordability period, as provided in the table in section 3.7.2.

Net Proceeds: The net proceeds are the sales price minus superior loan repayment (other than AHD funds) and any closing costs. When the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, the amount recaptured cannot exceed the net proceeds, if any.

3.7.2.2 Direct Subsidy, including Homeownership Assistance

When an income eligible homebuyer purchases an AHD assisted home below Fair Market Value (FMV), the difference between FMV and the purchase price (the “affordable price”) is considered a direct subsidy to the homebuyer. In this circumstance, if an additional direct subsidy in the form of homeownership assistance is provided to reduce the affordable price, then 1) the total amount that must be recaptured from net proceeds, if any, in the event the property is transferred during the period of affordability is the entire direct subsidy, including the homeownership assistance; and 2) the period of affordability must be for a minimum of 30 years, as provided in the table in section 3.7.2.

3.7.2.3 Direct Subsidy for Non-AHD Housing Units

The AHD program allows subrecipients to provide a direct subsidy in the form of direct homeownership assistance, per section 3.3.2, to fire-impacted and/or income eligible homebuyers of non-AHD housing units as an alternative to the development of new housing units. In this circumstance, 1) the total amount that must be recaptured from net proceeds in the event the property is transferred during the period of affordability is the amount of direct homeownership subsidy; and 2) the period of affordability must be for a minimum of 30 years.

3.7.2.4 Recapture Requirements

- a. The award to the homebuyer will be structured as a receding forgivable loan and is subject to recapture in accordance with the receding percentages documented in the recorded loan. The loan amount due will be reduced on a pro rata basis for the time the homebuyer has owned and occupied the housing measured against the required homebuyer affordability period. For example, if the homebuyer affordability period is 15 years, then 1/15th of the loan will be forgiven after every year of ownership and occupancy of the home as the primary residence by the homebuyer.
- b. In establishing recapture requirements, subrecipients are subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, the amount recaptured cannot exceed the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than AHD funds) and any closing costs.

3.7.2.5 Homebuyer Affordability Period Assumption

Subrecipients may structure recapture provisions to permit a subsequent homebuyer to assume the AHD assistance (subject to AHD and affordability requirements for the remainder of the period of affordability) if the subsequent homebuyer is low-income and no additional AHD assistance is provided. In the event additional AHD assistance is provided, a new affordability period will commence for a period based on the table provided in section 3.7.2.

3.8 Program Requirements

3.8.1 Environmental Review

All activities funded by CDBG-DR are required to complete an environmental review. Subrecipients will provide OHCS with a project description and federal funding amount for a determination about the level of environmental review. Subrecipients must then prepare the appropriate environmental review for each selected project in accordance with 24 CFR Part 58, including any mitigation plans or testing/reports, and submit it to OHCS for review and approval prior to obligating any project funds. Subrecipients who obligate funds for a project prior to receiving a notice to proceed from OHCS confirming that all environmental review steps have been completed may make their project ineligible for any disbursed funds, require repayment, and have penalties assessed for noncompliance. The subrecipient should identify existing staff with HUD and NEPA experience or procurement services to accomplish this.

As the CDBG-DR grantee, OHCS assumes the role of RE and is responsible for the review's scope and content as well as management of the ERR and takes legal responsibility for the review. OHCS may allow a subrecipient to assume RE responsibilities if they have provided and documented appropriate experience with similar HUD programs, and the reviews are/will be exempt or CENST. This allowance must be provided in writing by OHCS to the subrecipient before any RE environmental actions commence.

Refer to the [ReOregon Subrecipient Manual Chapter 3 - Environmental Review](#) for more information and guidance. The subrecipient agreement will include requirements for the environmental review process.

3.8.2 Choice-Limiting Actions

No choice-limiting actions can be committed by any entity after there is intent to apply for federal funds and before the environmental review record is complete.

Intent to apply is defined as the submission of an application for CDBG-DR funding.

A choice-limiting action reduces or eliminates a grantee's opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. Please contact OHCS with any questions about whether an action constitutes a choice-limiting action **before** undertaking the action.

3.8.3 Financial Management

Subrecipients must meet the financial management requirements of the uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) found in 2 CFR Part 200.

Subrecipients may need to develop procedures to bring their current systems into compliance with the requirements outlined in the Uniform Guidance. OHCS encourages its subrecipients to work with their own financial staff, accountants, and auditors to develop the systems and expertise needed to ensure control of the subrecipient's financial affairs to meet the federal requirements.

If program income is generated by a project, the subrecipient must establish policies and procedures for the management of the program income. See Section 4.3.9 in the [ReOregon Subrecipient Manual Chapter 4 - Financial Management](#) for more information on program income and guidance on financial management requirements.

3.8.4 Procurement

Subrecipients must ensure that their procurement policies comply with the federal requirements contained in 2 CFR Parts 200.318–200.326 and the requirements in the [ReOregon Subrecipient Manual Chapter 5 - Procurement](#). This includes the procurement of contractors, if the subrecipient is contracting for any goods and services directly.

While developers are typically not subject to federal procurement requirements, the subrecipient must ensure, through the selection and underwriting process, that developer's costs are necessary and reasonable.

Additional guidance may be found at [HUD's Buying Right CDBG-DR and Procurement: A Guide to Recovery](#). Whenever federal, state, or local procurement processes conflict, the most stringent regulation will apply.

3.8.5 Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. Section 5155) prohibits DOB. Program funds may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

Subrecipients must develop and adopt DOB policies and procedures prior to issuing any awards. OHCS can provide model language for a DOB policy. Failure to implement DOB policies and procedures risks audit findings and recapture of funds.

DOB requirements apply to any public funding sources provided by state, local, and Indian Tribal governments for the same purposes. A DOB occurs when:

- A beneficiary receives federal disaster funding (any person, business concern, or other entity such as a subrecipient receives assistance),
- The assistance is from multiple sources, AND
- The assistance amount exceeds the need for a particular recovery purpose.

Assistance is NOT considered duplicative when multiple sources are used for the same purpose, but the cumulative assistance does not exceed the total need.

The following are examples of assistance that must be evaluated during the DOB analysis:

- Cash (equity)
- Donations
- Insurance proceeds
- State or local funds
- Other federal funds
- Individual Assistance
- FEMA
- NFIP
- SBA
- U.S. Army Corps of Engineers

The AHD program requires that subrecipients enter into a Subrogation Agreement with each recipient of CDBG-DR funding as part of their written agreement.

For more information on DOB, refer to the [ReOregon Subrecipient Manual Chapter 10 - Duplication of Benefits](#).

3.8.6 Uniform Relocation Act (URA) and Real Property Acquisition

The AHD program requires subrecipients to minimize displacement by developing policies and procedures to ensure compliance with URA, as amended (49 CFR Part 24), Section 104(d) of the HCDA, as amended, and the implementing regulations at 24 CFR Part 570.496(a).

Subrecipients must develop project selection criteria that prioritize projects on unimproved land or vacant properties. Projects must comply with the URA if any activities funded by CDBG-DR result in any *permanently displaced person*, defined as any person who moves or moves their or personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a project. Refer to 49 CFR Part 24.2(a) for the complete definition.

In the AHD program, URA requirements will apply when there is a tenant living at a property where CDBG -DR funds are used. Tenants are not considered voluntary participants and must be eligible for either temporary or permanent URA assistance depending on the number of months that the tenant is displaced. Any person displaced more than 12 months will be considered a permanently displaced person. All temporarily displaced persons will be fully informed of their rights and entitlements to relocation assistance and payments provided by URA. Additionally, tenants with disabilities must be relocated to units that meet their accessibility needs.

Refer to 49 CFR Part 24.202 (a) for detailed requirements for persons required to temporarily move.

3.8.7 State of Oregon Residential Anti-Displacement and Relocation Assistance Plan

The AHD program requires subrecipients to adopt the [State's Residential Anti-Displacement and Relocation Assistance Plan \(RARAP\)](#) or develop and adopt its own plan as allowed under the waiver for optional relocation plans. OHCS must review and approve a subrecipient's RARAP.

Refer to the [ReOregon Subrecipient Manual Chapter 9 – Acquisition and Relocation](#) for more information and detailed relocation requirements.

3.8.8 Eminent Domain Prohibition

CDBG-DR funds may not be used to support any federal, state, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for public use. Public use shall not be construed to include economic development that primarily benefits private entities.

3.9 Project Requirements

3.9.1 Selection Criteria

In accordance with the procurement requirements detailed in Section 3.7.4, subrecipients must develop and document selection criteria that conform to the general project requirements in this section. In order to minimize displacement, the AHD program requires selection criteria to prioritize projects that are proposed on unimproved or vacant properties.

3.9.2 Maximum Project Award

Subrecipients may establish minimum or maximum awards amounts provided that no individual project award exceeds the amount of the county's allocation. The maximum award per project is subject to a review of DOB and cost reasonableness evaluation.

3.9.3 Cost Reasonableness

Subrecipients must ensure that each application for funding includes a proposed budget with a detailed description of anticipated project costs by category, including support services and program management and administration, if applicable. Subrecipients must verify that project costs, such as construction or rehabilitation costs, developer fees, and other soft costs, are reasonable and consistent with current market costs for the project area. The DOB review and cost reasonableness (e.g., underwriting, independent cost analysis, etc.) must be detailed and consistently followed by the subrecipient.

3.9.4 Eligible and Ineligible Costs

Subrecipients will determine which costs may be reimbursed under the program. Examples of eligible costs include:

- ADCs for subrecipients to implement their program, including staff time and HUD environmental reviews
- Acquisition costs
- Architectural and engineering design
- Other soft costs, including environmental and other professional fees
- Permitting fees
- Mobilization, site preparation, and cleanup

- Construction hard costs, including contractor fees
- Marketing, sales, and lease-up costs
- Developer fees

The following costs are ineligible under the AHD program:

- Costs incurred between the date of application and environmental clearance (AUGF) that constitute an adverse environmental impact or that limit the choice of reasonable alternatives pursuant to 24 CFR Part 58.22(a)
- Application development costs
- Advances of any type, including construction
- Interest and financing costs
- Facility operating or maintenance expenses
- Reserves
- Off-site improvements, except where the improvement is contiguously adjacent to the project parcel and serves the housing
- Construction or any other costs related to any nonresidential component of the project
- Reimbursement of a sponsor's or partner's capital investment or prepaid expenses
- Assistance for second homes.

3.10 Construction Standards

The AHD program requires compliance with the OHCS design and construction standards outlined in the Core-Development Manual for multi-family dwellings of 5 or more units, as well as HUD's Green Building, Broadband, Accessibility, and other applicable construction standards listed below. For single-family units, ReOregon Construction Standards and the ReOregon Environmental Checklist shall be utilized. Subrecipients may establish standards in addition to the AHD program requirements.

Summary of Construction Standards (subject to revisions)

	New Construction	Rehabilitation	Reconstruction
HUD Green Building and Energy Efficiency	All Projects	Substantial Rehabilitation Only	All Projects
HUD CPD Green Building Retrofit Checklist	NA	Rehabilitation (non-substantial)	NA

	New Construction	Rehabilitation	Reconstruction
OHCS-Core Development	NA	NA	NA
Lead Safe Housing	NA	Pre-1978 Structures	NA
Section 504 Accessibility	Five or More Units	Five or More Units	Five or More Units
Reasonable Accommodations	All projects	All projects	All projects
Elevation	Only in 100-Year or 500-Year Flood Zone	NA	Only in 100-Year or 500-Year Flood Zone
Flood Insurance	All Units (if required)	All Units (if required)	All Units (if required)

3.10.1 Construction Quality Assurance

Subrecipients must implement a process to address contractor fraud, poor quality work, and associated issues. To assist in the development of this process and policies, subrecipients should refer to the [ReOregon Subrecipient Manual Chapter 14 - Fraud, Waste, and Abuse](#) for guidance and best practices. Additionally, all construction projects, including rehabilitation, must require a post-construction warranty period that includes a notification process to beneficiaries on a periodic basis, such as six months and one month before expiration date of the warranty.

Subrecipients must also describe its controls to ensure that construction costs are reasonable and consistent with market costs at the time and place of construction.

3.10.2 HUD Green Building and Energy Efficiency Standard

The HUD Green and Resilient Building Standard is a set of guidelines for the design, construction, and operation of housing that is both energy efficient and resilient to natural disasters. AHD program subrecipients **must** create policies that require green building and energy efficiency components into new construction, reconstruction, and rehabilitation of substantially damaged buildings.

HUD allows subrecipients to select from multiple industry-recognized standards to incorporate into each program's policy. These standards may differ from program to program.

Refer to [ReOregon Subrecipient Manual Chapter 11 – Green Building and Energy Efficiency](#) for definitions of substantial damage and substantial improvement as well as a list of

industry-recognized standards that can be used to meet HUD's Green Building and Energy Efficiency requirements.

If the estimated cost of rehabilitation is less than 80% of the estimated cost of reconstruction, the project will qualify for rehabilitation assistance. If the estimated cost of repairs required to rehabilitate the property to program standards exceeds this amount, the project will only be eligible for reconstruction or replacement.

3.10.3 HUD CPD Green Building Retrofit Checklist

For rehabilitation of residential projects other than those described as "substantial," OHCS requires that the subrecipient adhere to the HUD CPD Green Building Retrofit Checklist, found here: [HUD CPD Green Building Retrofit Checklist](#).

"Substantial" improvement means any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure before the "start of construction" of the improvement. This term includes structures that have incurred "substantial damage," regardless of the actual repair work performed.

3.10.4 Other Oregon Requirements

Other Oregon energy efficiency requirements include, but are not limited to:

- [2021 Oregon Energy Efficiency Specialty Code](#)
- [2023 Oregon Residential Specialty Code](#)
- [Building Codes Division: Oregon Residential Specialty Code Adoption: Codes and standards: State of Oregon](#)

3.10.5 Lead Safe Housing Rule

The Lead Safe Housing Rule applies to pre-1978 properties that are disposed, acquired, and rehabilitated through the AHD program. Specific requirements depend on the activity, and on the type and amount of financial assistance, the age of the structure, and whether the dwelling is a rental or owner-occupied.

The Lead Safe Housing Rule and its associated requirements can be found at [Lead Safe Housing Rule](#) Manufactured Home Requirements.

3.10.6 Accessibility Requirements

Subrecipients must ensure compliance with all federal accessibility requirements in projects funded through the AHD program. Actions to ensure compliance can be found in Section 8.5 of the [ReOregon Subrecipient Manual Chapter 8 - Fair Housing and Civil Rights](#).

3.10.6.1 Section 504 Requirements

To comply with Section 504, all projects with five or more attached units shall designate and maintain:

- At least 5% of the total dwelling units, but not fewer than one, are accessible for individuals with mobility impairments.
- An additional 2% of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.
- These units must be constructed in accordance with UFAS or a standard that is equivalent or stricter.
- Accessible units must be equally distributed among different unit sizes and development types and must be disbursed on all accessible routes throughout the development.

3.10.6.2 Other Homeownership Requirements (24 CFR Part 8.29)

Any housing units newly constructed or rehabilitated for purchase or single family (including semi-attached and attached) units to be constructed or rehabilitated using CDBG-DR funds shall be made accessible upon request of the prospective buyer if the nature of the handicap of an expected occupant requires. In such case, the subrecipient or developer must consult with the prospective buyer regarding the specific design features to be provided.

3.10.7 Elevation Standards

CDBG-DR requires that all structures, defined at 44 CFR Part 59.1, designed principally for residential use and located in the 1% annual chance (or 100-year) floodplain, which receive assistance for new construction, reconstruction, rehabilitation of substantial damage, or rehabilitation that results in substantial improvement, as defined at 24 CFR Part 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least 2 feet above the 1% annual chance floodplain elevation (BFE). New housing that is developed in a flood-prone area or the 100-year floodplain must minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR Part 55.

If a proposed project or existing structure is in a 500-year floodplain, the structure must be elevated 3 feet above the 100-year floodplain.

3.11 Signage Requirements

The AHD program requires recognition requirements for all AHD-funded affordable rental housing development projects. The project signage should:

- Be placed in a prominent visible public area that is visually unobscured
- Be constructed of durable materials
- Be a minimum of 12" in height by 18" in length with lettering no smaller than ½"
- Include required text:
 - This project is funded by Oregon Housing and Community Services with funds allocated by the U.S. Department of Housing and Urban Development through the Community Development Block Grant Disaster Recovery program.

The OHCS contract administrator should be contacted with any requests to reduce the minimum size requirements or required text; or remove or add any language or recognition.

3.12 Flood Insurance Requirements

Although the wildfires and straight-line winds of 2020 were not a flooding event, OHCS is committed to ensuring that property owners are protected from future flooding disasters. The state, through the Department of Land Conservation and Development and Oregon Office of Emergency Management, is working closely with local floodplain managers to encourage residents, businesses, and local governments to maintain flood insurance, including for properties located outside the SFHA.

The state is also working closely with FEMA and local floodplain managers to understand the implications of Risk Rating 2.0 and the additional costs of flood insurance policies to help inform more resilient building codes and practices.

Homeownership properties funded through the AHD program must comply with all flood insurance requirements. Therefore, a HUD-assisted homeowner for a property located in a SFHA must obtain and maintain flood insurance as prescribed by FEMA's NFIP for the full term of ownership.

For any property developed in a floodplain, flood insurance must be purchased as a condition for approval of AHD assistance, and the insurance must be maintained in perpetuity, regardless of transfer of ownership of such property. Prior to receiving

assistance, copies of insurance must be submitted to both OHCS and the subrecipient and must be available upon request by OHCS or the subrecipient at any future date or during monitoring. Further, owners must pass on requirements to future owners. Owners shall also submit to OHCS and subrecipients the certification of compliance with Section 582(a) of the National Flood Insurance Reform Act of 1994.

3.13 Labor Standards

Subrecipients implementing projects involving construction contracts are required to comply with applicable labor-related laws and regulations. The subrecipient must designate an appropriate staff person to act as labor officer to ensure compliance with all requirements and to be the primary contact person for OHCS.

The responsibilities, applicable statutes, and steps to ensure compliance with all labor standards can be found in [ReOregon Subrecipient Manual Chapter 6 - Labor Standards](#).

Summary of Labor Standards

	New Construction	Rehabilitation	Reconstruction
Davis-Bacon	Eight or More Units	Eight or More Units	Eight or More Units
Section 3	All Projects	All Projects	All Projects
Other Federal Labor Requirements	All Projects	All Projects	All Projects
Oregon Labor Standards	All Projects	All Projects	All Projects

3.13.1 Davis-Bacon Requirements

Subrecipients must develop policies and procedures to ensure compliance with DBRA; 40 USC Chapter 31, Subchapter IV. Within the AHD program, Davis-Bacon applies to:

- Residential construction that consists of projects involving the construction, alteration, or repair of eight or more separate, contiguous single-family houses operated by a single entity as a single project, or
- Eight or more units in a single structure

Davis-Bacon **does not apply** to the rehabilitation or reconstruction of residential structures containing fewer than eight units or force account labor (construction carried out by employees of the grantee or subrecipient).

Additional information regarding HUD guidance for compliance with Davis-Bacon can be found at <https://www.hudexchange.info/programs/davis-bacon-and-labor-standards/>.

3.13.2 Section 3

Section 3 ensures that economic opportunities generated by CDBG-DR target low- and very low-income persons, particularly those who live or reside in public, or government-assisted housing.

In accordance with Section 3, contractors using CDBG-DR funding for housing construction and rehabilitation are to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the project area. Subrecipients must ensure Section 3 compliance in accordance with [ReOregon Subrecipient Manual Chapter 7 - Section 3](#).

3.13.3 Other Labor-Related Laws and Regulations

Subrecipients must comply with additional labor-related laws and regulations for projects involving construction contracts. Construction contracts for multifamily housing of eight units OR within excess of \$2,000 must comply with the following laws and regulations:

- Federal Fair Labor Standards Act (29 USC Chapter 8)
- Copeland Anti-Kickback Act (18 USC Section 874, 40 USC Section 3145)
- CWHSSA (U.S. Department of Labor Field Operations Handbook, Chapter 15)
- Oregon Labor Standards and local laws and regulations

3.14 Fair Housing and Civil Rights — Project Requirements

If a project contains five or more units, a project-specific AFHMP. All homebuyer projects require a homebuyer selection plan.

	New Construction	Rehabilitation	Reconstruction
Affirmative Fair Housing Market Plan	Five or More Units	Five or More Units	Five or More Units

Homebuyer Selection Plan	All Projects	All Projects	All Projects
Reasonable Accommodations for Persons With Disabilities	All Projects	All Projects	All Projects

3.14.1 Affirmative Fair Housing Market Plan

The AFHMP is a marketing and outreach plan that describes outreach to minority groups in the community that are least likely to apply for housing. The AFHMP is required for:

- Multifamily developments of five or more units
- Single-family developments/subdivisions where the applicant intends to sell five or more units
- When an applicant's participation in the program causes or would cause them to exceed the development of five or more dwelling units during the year preceding the application

[HUD Handbook 8025.1](#) provides extensive guidance on AFHMP.

3.14.2 Vulnerable Populations

To enhance the ability to reach impacted residents, vulnerable populations, and members of underserved communities expedite their recovery, the following efforts must be included in the marketing of completed units:

- Performing outreach and engagement to facilitate connections with vulnerable populations
- Coordinating with local organizations to ensure that refugee and immigrant populations are aware of units being developed
- Coordinating with local nonprofit organizations that provide services to people with disabilities and historically underserved populations to ensure the promotion of the program and help remove barriers to assistance

3.14.3 Reasonable Accommodations for Persons With Disabilities

Subrecipients must ensure that marketing and application policies include requirements for reasonable accommodations for persons with disabilities, including:

- Ensuring reasonable accessible design standards
- Providing multiple options for how residents can submit applications
- Ensuring all website materials are Section 508 compliant
- Ensuring ADA accessibility to applicant centers
- Providing multiple paths for applicants to receive information from program staff (over the phone, online, in person, through mobile intake centers, etc.)

3.15 Funding Structure

Subrecipients must establish policies that describe how CDBG-DR funds are provided to a project. Funds may be provided in the form of a loan or grant and must include an instrument to enforce the applicable affordability period, such as a deed restriction, a covenant running with the land, or land use restriction.

The subrecipient must provide the necessary legal documents such as grants, loans, regulatory agreements, promissory notes, deeds of trust, subordination agreements, covenants, or deed restrictions. Legal documents typically include local and state requirements. OHCS recommends that the documents are prepared and reviewed by experienced counsel. Sample documents can be found at [Resource Library - HUD Exchange](#).

3.16 Homebuyer Eligibility and Income Definition

Subrecipients must establish a homebuyer eligibility and application process for any homeownership projects funded under the AHD program. To purchase a unit funded by CDBG-DR, buyers must qualify as LMI (at or below 80% of HUD's AMI) within one year of initial occupancy of the unit. Subsequent income recertifications are not required. Subrecipients must ensure adequate policies and procedures for consistently applying their income verification methodology. Subrecipients may choose from two definitions of income:

- [Part 5 \(Section 8\) Definition of Income \(24 CFR Part 5.609 \(b\) and \(c\)\)](#)
- [IRS 1040 Definition of Income](#)

The income determination method must be established prior to the start of the buyer qualification process and remain consistent throughout the property's affordability period. Subrecipients may include front- and/or and back-end ratios and asset caps in their eligibility criteria.

The AHD program requires the following minimum eligibility criteria for any homebuyer program:

- Homebuyer applicants must have a household income at or below 80% of the AMI.
- Homebuyer must attend and complete a HUD-certified pre-purchase homebuyer education course within 12 months of the initial sale.
- Homebuyer must maintain principal residency in the assisted property throughout the length of the affordability period or be subject to resale or repayment requirements.
- Homebuyer must agree to the applicable affordability period.
- Homebuyer must meet DOB requirements.
- Homebuyer must maintain homeowners insurance and flood insurance, if applicable, on the property for the duration of the affordability period.
- Homebuyer must be a first-time homebuyer. A first-time homebuyer is an individual who meets any one of the following criteria:
 - An individual who has had no ownership in a principal residence during the three-year period ending on the date of purchase of the property. This may also include a spouse.
 - A single parent who has only owned with a former spouse while married.
 - An individual who is displaced and has only owned with a spouse. A displaced individual is someone whose marital status affects their ability to be properly housed.

3.17 Initial Sale Price Limits

Subrecipients must establish a process for determining the initial sale price of a homeownership unit to ensure that the housing payment is affordable for the buyer.

The sale price may be set at the total development cost or appraised value, whichever is less, with the development subsidy passed on (proportionally) to the buyer to ensure that their first mortgage is affordable. However, the subrecipient may establish a different method for determining the affordable sale price.

3.17.1 Program Income

The subrecipient must develop and adopt specific procedures for managing the program income generated by repaid funds (principal, interest, mortgage payoffs, etc.). Up to 5% of program income generated by CDBG-DR funds may be used for administrative costs of the subrecipient.

Refer to Section 4.3.9 in the [ReOregon Subrecipient Manual Chapter 4 - Financial Management](#) for more information on program income.

3.18 Project Monitoring Requirements

Subrecipients must create and maintain a monitoring plan to ensure that their own and developer compliance with the AHD program and to ensure achievement of benchmarks. Each homeownership project or activity funded through the AHD program must remain in compliance with applicable federal requirements through its applicable affordability period as defined in this policy.

Subrecipients must review and report on procurement, budget, allowability, benchmarks, performance, and compliance with all CDBG-DR federal requirements. Monitoring procedures must:

- Look for instances of fraud, waste, and abuse.
- Take steps to prevent and address fraud, waste, and abuse.
- Report any instances of fraud, waste, or abuse to the appropriate authorities.

Detailed requirements and additional resources can be found in the [ReOregon Subrecipient Manual Chapter 13 - Monitoring and Audit](#) and [Chapter 14 - Fraud, Waste, and Abuse](#).

3.19 Reporting Requirements and File Management

3.19.1 Reporting and Recordkeeping

Subrecipients must prepare project reports to ensure that funds are being spent according to the subrecipient agreement, program rules, and state and federal requirements. Records are to be maintained in accordance with 24 CFR Part 570.490 and 24 CFR Part 570.506. Records are kept to document compliance with program requirements; with federal, state, and local regulations; and to facilitate audit review by HUD and other designated auditors.

Subrecipients shall retain all official records on Programs and individual activities shall be retained for the greater of five (5) years, starting from the closeout of the grant between OHCS and HUD, or the end of the affordability period for each housing activity, whichever is longer. If any other laws and regulations as described in 24 C.F.R. § 570.490 applies to a project, the record retention period may be extended. All records involved in litigation, claims, audits, negotiations, or other actions, which have started before the expiration date of their retention, will be kept until completion of the action and resolution of all issues or the end of the regular five (5) year period, whichever is longer

CDBG-DR records, including program documents, are subject to the FOIA. For more information on records management, please refer to the [ReOregon Subrecipient Manual Chapter 15 - Project Reports and Closeout](#).

3.19.2 Reporting Requirements

Subrecipients must submit a Certification of Inspection and Contract Construction Payment Request form with each draw request (Form 6-22), located in [Chapter 6 of the ReOregon Subrecipient Manual](#). Payment requests will not be processed without the form completed in its entirety.

3.19.3 File Management

Subrecipients must fully document compliance with all applicable regulations. This is accomplished through maintaining comprehensive records and submitting all necessary reports.

The filing system should be easy to use and provide a historic account of activities for examination and review by the state, auditors, and local staff. For more information and details, please refer to ReOregon Subrecipient Manual. It provides lists of regulatory documentation necessary for the contract folder. However, each household assisted will also require a folder that relates only to that address. Therefore, each individual housing project file should contain the following:

- Developer agreement and all associated paperwork, including DOB documentation
- Homebuyer application and all associated paperwork including DOB documentation
- Affordability assistance underwriting worksheet
- Pending homebuyers and disqualified homeowners, family survey
- Work write-ups and cost estimates
- Master complaint file
- Proof that recipient received a copy of the grievance procedures
- Settlement statement for each unit sold
- Affordability assistance loan/grant agreement and evidence of recorded lien
- Homebuyer release for verification of income
- Verification of income and employment executed loan/grant documents
- Executed contract (with contractor) documents
- Homebuyer counseling certification of completion
- Notice to proceed

- Progress and final inspection reports
- Progress payments and final payment documentation (including cancelled checks)
- Change orders, if any
- General contractor/subcontractor/material affidavit, warranties, and release of liens
- Promissory note, if applicable
- Real estate mortgage, if applicable
- Follow-up visit inspection (within 60 days of job completion)
- Copies of written complaints, resolution, and correspondence (also include in master complaint file)

3.19.4 Single Audit

For any fiscal year(s) in which the subrecipient expends \$1,000,000 or more of (total) federal awards, the subrecipient is required to obtain an annual audit report, including the single audit requirements in 2 CFR Part 200 Subpart F. Subrecipients are responsible to submit an audit to the Federal Audit Clearinghouse in a timely manner and submit a copy of the fiscal audit to OHCS.

3.19.5 Beneficiary Records

Subrecipients must maintain records for each household that receives CDBG-DR assistance. Beneficiaries must be tracked by income, race, and ethnicity as categorized by HUD, as well as by owner-occupied status, female-head of household (occupied by one or more children under the age of 18), elderly household (62 years of age and older), and disabled household.

Subrecipients must maintain all records, receipts, invoices, and other documentation related to any repairs, construction, or cleanup of the property for three years from the date of the closeout letter.

3.19.6 Personally Identifiable Information

In accordance with federal requirements, subrecipients must adhere to the PII requirements established for the CDBG-DR program as fully described in the ReOregon Subrecipient Manual.

3.20 Project/Program Closeout Procedures

Once CDBG-DR funds are fully spent and the projects are complete, the subrecipient must begin the process of closing out project activities under the subrecipient agreement. Timely closeout is the subrecipient's responsibility.

[ReOregon Subrecipient Manual Chapter 15 - Project Reports and Closeout](#) describes the closeout process, including the conditions subrecipients must meet to complete the process.



Acquisition and Infrastructure for Housing Development

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4 Acquisition and Infrastructure for Housing Development

4.1 Acquisition

The AHD program allows the acquisition of real property for the purpose of development of affordable housing. Buyout programs are not an eligible use of the AHD program. Refer to ReOregon's Buyout Program for more information.

To be considered an acquisition, the buyer must obtain a permanent interest in the property through fee simple titles, land contracts, permanent easements, long-term leases (50 years or more), and rights-of-way. Temporary easements are subject to the same rules as other forms of acquisition unless the temporary easement exclusively benefits the property owner.

Subrecipients must also adhere to environmental review requirements for both acquisition and infrastructure development, including the requirements regarding options and conditional contracts pending environmental clearance.

Additionally, the URA and the Oregon RARAP will apply to any acquisition of an occupied structure.

Subrecipients should also be aware that all methods of acquisition (such as purchases, donations, or partial donations) are covered by the URA. Acquisition rules must be followed whenever:

- The subrecipient undertakes the purchase of property directly.
- The subrecipient hires an agent, private developer, or other URA representative to act on their behalf.
- The subrecipient provides a nonprofit or for-profit entity organization with funds to purchase a property.

4.2 Infrastructure Development

The AHD program allows subrecipients to provide funding for site development and infrastructure costs for an affordable housing project. Infrastructure may include, but is not limited to, streets, sidewalks, drainage, utilities, and site development costs such as grading and clearance. Subrecipients may choose to provide funding as a grant or a loan and may establish minimum and maximum awards that will align with the county's allocation and

the resulting housing project. All infrastructure projects must be designed and constructed to withstand extreme weather events and the impacts of climate change.

4.3 National Objective

The HCDA and 24 CFR Part 570.484, 24 CFR Part 570.200(a)(3), and 24 CFR Part 1003.208 require that all activities funded by CDBG-DR meet a defined national objective.

4.3.1 Low- and Moderate-Income Housing

The AHD program will meet the national objective of benefiting LMI persons at or below 80% of HUD's AMI through the use of CDBG-DR for acquisition and infrastructure development for housing development activities.

For acquisition and infrastructure development, the resulting project must either provide (new construction) or improve (acquisition/rehabilitation/conversion) permanent, residential structures that will be occupied by LMI households upon completion. This includes, but is not limited to, new housing construction of one unit or more, the acquisition and rehabilitation of residential property, or the conversion of nonresidential property to residential, with an end use of affordable rental or homeownership housing.

LMI Housing National Objective: Acquisition and Infrastructure Development

	Affordable Homeownership Development	Affordable Rental Development
Property Acquisition	If the acquisition or infrastructure development results in homeownership units, refer to the LMI Occupancy Table in Section 3.3.1.	If the acquisition or infrastructure development results in rental units, refer to the LMI Occupancy Table in Section 2.3.1.
Infrastructure Development		

4.4 Allocation Requirements

A minimum of 85% of each county's allocation (less planning and administration costs) must be used for activities that benefit LMI persons.

4.5 Affordability Period

The resulting affordable housing project must be completed within three years of the initial award of funding. The affordability period for the resulting affordable housing project will

be dependent upon the project type. If rental, the AHD program requires a minimum affordability period of 30 years for affordable rental units funded under the program. If the resulting project includes ADUs, the affordability period for ADUs is eight 8 years, unless the development includes five or more ADUs, as noted in Section 2.6.1. There are two sets of affordability periods for homeownership projects: The property resale affordability and the homebuyer affordability period. Refer to the Rental and Homeownership Sections for more information on the affordability periods.

The affordability period will commence upon recordation of the subrecipient's selected instrument of affordability including, but not limited to, deed restrictions, restrictive covenants, or land use restrictions.

Subrecipients may choose to establish policies that extend affordability beyond the minimum requirements. If multiple funding sources require different affordability periods, the most restrictive period will apply, provided it exceeds the minimum requirements.

4.6 Environmental Review

All activities funded by CDBG-DR are required to complete an environmental review. Subrecipients will provide OHCS with a project description and federal funding amount for a determination about the level of environmental review. Subrecipients must then prepare the appropriate environmental review for each selected project in accordance with 24 CFR Part 58, including any mitigation plans or testing/reports, and submit it to OHCS for review and approval prior to obligating any project funds. Subrecipients who obligate funds for a project prior to receiving a notice to proceed from OHCS confirming that all environmental review steps have been completed may make their project ineligible for any disbursed funds, require repayment, and have penalties assessed for noncompliance. The subrecipient should identify existing staff with HUD and NEPA experience or procurement services to accomplish this.

As the CDBG-DR grantee, OHCS assumes the role of RE and is responsible for the review's scope and content as well as management of the ERR and takes legal responsibility for the review. OHCS may allow a subrecipient to assume RE responsibilities if they have provided and documented appropriate experience with similar HUD programs, and the reviews are/will be exempt or CENST. This allowance must be provided in writing by OHCS to the subrecipient before any RE environmental actions commence.

Refer to the [ReOregon Subrecipient Manual Chapter 3 - Environmental Review](#) for more information and guidance. The subrecipient agreement will include requirements for the environmental review process.

4.6.1 Choice-Limiting Actions

No choice-limiting actions can be committed by any entity after there is intent to apply for federal funds and before the environmental review record is complete.

Intent to apply is defined as the submission of an application for CDBG-DR funding.

A choice-limiting action reduces or eliminates a grantee's opportunity to choose project alternatives that would avoid or minimize environmental impacts or enhance the quality of the human environment. Please contact OHCS with any questions about whether an action constitutes a choice-limiting action **before** undertaking the action.

4.7 Uniform Relocation Act (URA) and Real Property Acquisition

The AHD program requires subrecipients to minimize displacement by developing policies and procedures to ensure compliance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended (49 CFR Part 24), Section 104(d) of the HCDA, as amended, and the implementing regulations at 24 CFR Part 570.496(a).

Subrecipients must develop project selection criteria that prioritize projects on unimproved land or vacant properties. Projects must comply with the URA if any activities funded by CDBG-DR result in any *permanently displaced person*, defined as any person who moves or moves their or personal property from real property as a direct result of acquisition, rehabilitation, or demolition for a project. Refer to 49 CFR Part 24.2(a) for the complete definition.

In the AHD program, URA requirements will apply when there is a tenant living at a property where CDBG-DR funds are used. Tenants are not considered voluntary participants and must be eligible for either temporary or permanent URA assistance depending on the number of months that the tenant is displaced. Any person displaced more than 12 months will be considered a permanently displaced person. All temporarily displaced persons will be fully informed of their rights and entitlements to relocation assistance and payments provided by URA. Additionally, tenants with disabilities must be relocated to units that meet their accessibility needs.

Refer to 49 CFR Part 24.202 (a) for detailed requirements for persons required to temporarily move.

4.8 Applicability of One-for-One Replacement

The activity e Section 104 (d) one-for-one replacement housing requirements apply to occupied and vacant occupiable lower-income dwelling units demolished or converted in

connection with an assisted by CDBG-DR. This waiver exempts all disaster-damaged owner-occupied lower-income dwelling units that meet the grantee's definition of "not suitable for rehabilitation," from the one-for-one replacement housing requirements of 24 CFR Part 42.375. Before carrying out activities that may be subject to the one-for-one replacement housing requirements, the subrecipient must define "not suitable for rehabilitation" in its policies/procedures governing these activities. More information can be found later in the chapter regarding rental units.

4.9 Financial Management

Subrecipients must meet the financial management requirements of the uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) found in 2 CFR Part 200.

Subrecipients may need to develop procedures to bring their current systems into compliance with the requirements outlined in the Uniform Guidance. OHCS encourages its subrecipients to work with their own financial staff, accountants, and auditors to develop the systems and expertise needed to ensure control of the subrecipient's financial affairs to meet the federal requirements.

If program income is generated by a project, the subrecipient must establish policies and procedures for the management of the program income. See Section 4.3.9 in the [ReOregon Subrecipient Manual Chapter 4 - Financial Management](#) for more information on program income and guidance on financial management requirements.

4.10 Procurement

Subrecipients must ensure their procurement policies comply with the federal requirements contained in 2 CFR Parts 200.318–200.326 and the requirements in the [ReOregon Subrecipient Manual Chapter 5 - Procurement](#). This includes the procurement of contractors, if the subrecipient is contracting for any goods and services directly.

While developers are typically not subject to federal procurement requirements, the subrecipient must ensure, through the selection and underwriting process, that developer's costs are necessary and reasonable.

Additional guidance may be found at [HUD's Buying Right CDBG-DR and Procurement: A Guide to Recovery](#). Whenever federal, state, or local procurement processes conflict, the most stringent regulation will apply.

4.11 Citizen Participation

Subrecipients must provide for and encourage citizen participation (see Section 104(a) (2) of the HCDA and 24 CFR Part 570.486) except where waivers or alternative requirements are provided. Subrecipients must prepare and adopt an outreach, marketing, and CPP as well as grievance procedures.

Recipients of CDBG-DR funds must comply with the CPP for CDBG-DR requirements as found in 87 FR 6364. All applicants and recipients of grant and/or loan funds shall be required to conduct all aspects of the program in an open manner with access to records on the proposed and actual use of funds for all interested persons. The plan also includes requirements for local governments receiving CDBG-DR funds.

4.12 Limited English Proficiency/Language Access Plan

LEP is a designation for persons that are unable to communicate effectively in English because their primary language is not English. Subrecipients must conduct the four-factor analysis described in the ReOregon Subrecipient Manual to determine if a LAP is required.

Additional citizen participation requirements and the LEP/LAP four-factor analysis can be found in the [ReOregon Subrecipient Manual Chapter 8 - Fair Housing and Civil Rights](#).

4.13 Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. Section 5155) prohibits DOB. Program funds may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

Subrecipients must develop and adopt DOB policies and procedures prior to issuing any awards. OHCS can provide model language for a DOB policy. Failure to implement DOB policies and procedures risks audit findings and the recapture of funds.

DOB requirements apply to any public funding sources provided by state, local, and Indian Tribal governments for the same purposes. A DOB occurs when:

- A beneficiary receives federal disaster funding (any person, business concern, or other entity such as a subrecipient receives assistance),
- The assistance is from multiple sources, AND
- The assistance amount exceeds the need for a particular recovery purpose.

Assistance is NOT considered duplicative when multiple sources are used for the same purpose, but the cumulative assistance does not exceed the total need.

The following are examples of assistance that must be evaluated during the DOB analysis:

- Cash (equity)
- Donations
- Insurance proceeds
- State or local funds
- Other federal funds
- Individual Assistance
- FEMA
- NFIP
- SBA
- U.S. Army Corps of Engineers

The AHD program requires that subrecipients enter into a Subrogation Agreement with each recipient of CDBG-DR funding as part of their written agreement.

For more information on DOB, refer to the [ReOregon Subrecipient Manual Chapter 10 - Duplication of Benefits](#).

4.14 Project, Construction, and Reporting Requirements

Acquisition and infrastructure development projects must result in affordable housing. The specific project, construction, and reporting requirements will be dependent upon the type of housing, either rental or homeownership, as well as single family or multifamily housing. The project must adhere to the requirements for Rental Housing in Section 2 or Homeownership Housing in Section 3 for the project that is being developed on the site that is acquired or where the infrastructure is developed.



Abbreviations and Acronyms

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5 Abbreviations and Acronyms

Acronym or Abbreviation	Meaning
ADA	Americans With Disabilities Act
ADC	activity delivery costs
ADU	accessory dwelling unit
AFHMP	Affirmative Fair Housing Marketing Plan
AHD	Affordable Housing Development
AUGF	Authority To Use Grant Funds
AMI	area median income
BFE	base flood elevation
CDBG-DR	Community Development Block Grant–Disaster Recovery
CFR	Code of Federal Regulations
CPP	Citizen Participation Plan
CWHSSA	Contract Work Hours and Safety Standards Acts
DBRA	Davis-Bacon and Related Acts
DOB	duplication of benefits
DOT	Oregon Department of Transportation
ERR	environmental review record
FEMA	Federal Emergency Management Agency
FH	Federal Housing Finance Agency
FOIA	Freedom of Information Act
FR	Federal Register
HCDA	Housing and Community Development Act of 1974
HPI	House Price Index
HUD	U.S. Department of Housing and Urban Development
IA	FEMA Individual Assistance
LAP	language access plan

Acronym or Abbreviation	Meaning
LBP	lead-based paint
LEP	limited English proficiency
LMI	low and moderate income
MH	manufactured home
MID	most impacted and distressed
MOD	modular home
MSA	Metropolitan Statistical Area
NEPA	National Environmental Policy Act of 1969
NFIP	National Flood Insurance Program
OHCS	Oregon Housing and Community Services
PII	personally identifying information
QA/QC	quality and quality control
QC	quality and compliance (inspections)
SBA	U.S. Small Business Administration
UFAS	Uniform Federal Accessibility Standards
UGLG	Unit of General Local Government
UN	urgent need
URA	Uniform Relocation and Real Property Acquisition Policies Act of 1970
U.S.	United States
U.S.C.	United States Code