

HOME-American Rescue Plan (HOME-ARP)

Development of Affordable Rental Housing Policies & Procedures Manual



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INTRODUCTION

BACKGROUND

The Tri-Cities HOME Consortium (“Consortium”) was originally formed in 1996 under the HOME Investments Partnership Program (“HOME”). On March 11, 2021, President Biden signed the American Rescue Plan (“ARP”) into law, address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses.

The City of Richland (“Lead Entity”) receives and administers HOME-ARP funds on behalf of Kennewick, Richland, and Pasco. The Consortium will distribute funds each year to eligible applicants until all funds have been expended. All HOME-ARP funds must be spent by September 30, 2030.

The Consortium allocated **\$762,707** of their HOME-ARP funding to the Affordable Rental Housing Project to be used within the Cities of Kennewick, Richland, and Pasco.

INTENT

This *HOME-ARP Affordable Rental Housing Policies & Procedures* document outlines how the Consortium intends to facilitate the creation of affordable rental housing with the use of HOME-ARP funds. It also outlines eligible costs, occupancy restrictions, long-term affordability, the Subrecipient selection process, requirements for Subrecipients / Developers / Owners (“Subrecipient”) to receive funds, and monitoring and other requirements.

DISCLAIMER

The information within this document is based on the [HOME-ARP Program Fact Sheet: Rental Housing, Chapter 6: Rental Housing Activities](#), [HUD Notice CPD-21-10](#), and [24 CFR 92](#), including: [24 CFR 92.2](#), [24 CFR 92.353](#), and [24 CFR 92.206](#). It is current as of July 12, 2024, and will be updated as additional information and guidance are released.

This document is intended to aid the Subrecipient and the Consortium during the selection process, pre-construction, construction, and the period of affordability; it does not supersede the CFRs or the documents it is based upon and may not be exhaustive.

It is the responsibility of the Subrecipient to ensure that they remain in compliance with all HUD requirements for this project at all times.

PROGRAM OVERVIEW

The HOME-ARP Affordable Rental Housing Program (“Program”) is designed to help qualifying individuals and families obtain and maintain permanent housing after experiencing a housing crisis or homelessness.

The objectives of the HOME-ARP Affordable Rental Housing Program are to:

1. Help qualifying, vulnerable individuals regain stability quickly by providing them with permanent housing
2. Reduce the length of time participants experience homelessness, and
3. Help participants maintain permanent housing

All HOME-ARP Affordable Rental Housing Program resources must **primarily** be used to benefit the following Qualifying Populations (“QP”): QP1: Homeless, QP2: At Risk of Homelessness, QP3: Imminent Risk of Harm, QP4: Other Populations at Greatest Risk (see the *Qualifying Populations* section below and *Attachment A: QP Documentation Requirements* for additional information). However, up to 30% of the units that receive assistance with HOME-ARP funds may be used to assist low-income households that do not otherwise qualify as a Qualifying Population; see the *Tenant Requirements* section for additional information.

AFFORDABLE HOUSING

The Program provides funds to acquire, construct, or rehabilitate rental housing, including reconstruction (as defined in [24 CFR 92.2](#)), for occupancy by individuals and families that meet one of the four QPs. Rental housing may include:

- Single family permanent housing
- Multi-family permanent housing
- Single room occupancy (“SRO”) units
- Manufactured rental housing (must be built on owned land or in a land trust, not in a mobile home park)

**HUD’s definition of the above terms and other terms used within this document can be found at [24 CFR 92.2](#) and have been included in this document as Attachment B for your convenience.*

PERIOD OF AFFORDABILITYⁱ

New construction and acquisition of newly constructed housing must carry rent and occupancy restrictions for a **minimum of twenty (20) years**. Rehabilitation and acquisition of existing units using HOME-ARP funds must comply with the HOME-ARP rental requirements for a **minimum of fifteen (15) years**. These minimum requirements are applicable irrespective of the amount of HOME-ARP funds invested in the project. This is known as the period of affordability.

PROJECT COMPLETION AND OCCUPANCYⁱⁱ

HOME-ARP rental projects must meet the definition of project completion at [24 CFR 92.2](#). *Project completion* means that:

- All necessary title transfer requirements and construction work have been performed
- The project complies with all requirements laid out in [CPD 21-10](#) and all applicable CFR references, including the property standards listed at [24 CFR 92.251](#) (also see the *New Construction Projects, Rehabilitation Projects, Acquisition of Standard Housing, and Manufactured Housing* sections below)
- The final drawdown of HOME-ARP funds has been disbursed

PENALTIES FOR NONCOMPLIANCE

CONSTRUCTION PHASE

If the Subrecipient has not completed the project within **three (3) years** of project commitment, a meeting will be scheduled with the Consortium and the Subrecipient in which the Subrecipient will demonstrate how they intend to successfully complete the project in the allotted timeframe.

If the Subrecipient fails to complete a project within 4 years of project commitment, they must comply with the terminated project requirements at [24 CFR 92.205\(e\)\(2\)](#) and MUST REPAY ALL FUNDS THAT HAVE BEEN INVESTED IN THE PROJECT.

Under no circumstances will a project be allowed to go over four (4) years from the date of the project commitment.

PERIOD OF AFFORDABILITY

During the period of affordability, all affordable rental housing units must remain in compliance with the requirements of [CPD 21-10](#). Funds that were invested in non-compliant units must be repaid by the Subrecipient according to the following schedule:

	Years 1-10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Repayment Amount	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	∅

SALE OR TRANSFER OF UNITS

Repayment of the HOME-ARP funds is not required if the project owner sells or transfers, either voluntarily or involuntarily, the HOME-ARP project during the compliance period if:

- The HOME-ARP restrictions remain, **AND**
- The project and new project owner continue to comply with all HOME-ARP requirements

VACANCIES

If the HOME-ARP units are not occupied by eligible qualifying households within six (6) months following project completion, the Subrecipient **must** submit information to the Consortium on its efforts to coordinate with homeless service providers, social service, and other public agencies to fill units with qualifying households.

If the HOME-ARP units are not occupied by eligible low-income households within six (6) months following project completion, the Subrecipient **must** submit marketing information and, if appropriate, a marketing plan to fill units for low-income households.

The Subrecipient MUST REPAY ALL HOME-ARP FUNDS that have been invested in units that are not rented to eligible qualifying or low-income households within twelve (12) months of project completion.

QUALIFYING POPULATIONS

All HOME-ARP funds must primarily benefit individuals and families in one of the four qualifying populations (“QPs”) listed below:

1. Experiencing homelessnessⁱⁱⁱ
2. At risk of homelessness^{iv}
3. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD^v
4. Part of other populations where providing assistance would prevent homelessness or would serve those with the greatest risk of housing instability

To qualify for funds from the HOME-ARP Program, ALL Qualifying Populations must have access to apply for placement on the waiting list.

QP1: HOMELESS

A person qualifies as QP1: Homeless if they are “Homeless”, at “Imminent Risk of Homelessness”, or “Homeless Under Other Federal Statutes.” ***See Attachment A for additional information and documentation requirements.***

QP1: HOMELESS

An individual or family who lacks a fixed regular, and adequate nighttime residence (*meets **ONE (1)** of the criterion below*).

- Primary nighttime residence that is a public or private place not designed for regular sleeping accommodations for human beings.
- Living in an emergency shelter.
- Living in an institution where they resided for 90 days or less and resided in an emergency shelter or place not meant for human habitation immediately prior to entering that institution.
- Living in a hotel/motel that is paid for by a charitable organization or governmental agency (the Client may qualify as *QP2: At Risk of Homelessness* if they are paying for the hotel themselves).

QP1: AT IMMINENT RISK OF HOMELESSNESS

Must meet **ALL** three (3) requirements listed below.

- An individual or family who will imminently lose their primary nighttime residence within **14 days** of the date of application for assistance, **AND**
- No subsequent residence has been identified, **AND**
- Household lacks resources or support networks needed to obtain other permanent housing.

QP1: HOMELESS UNDER OTHER FEDERAL STATUSES

Must meet **ALL** of the requirements below.

- Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under the QP1 definition but who are defined as homeless under Section IV.A.1 of [HUD Notice CPD-21-10](#), **AND**
- Have not had a lease, ownership interest, or occupancy agreement in permanent housing in the last **60 days**, immediately prior to applying for assistance; **AND**
- Have experienced persistent instability as measured by two or more moves in the last **60 days**; **AND**
- Can be expected to continue in such status for an extended period of time due to special needs or barriers (For example: chronic health or mental health conditions, substance addiction, or history of domestic violence or child abuse).

QP2: AT RISK OF HOMELESSNESS

A person qualifies as QP2: At Risk of Homelessness if they meet the criteria listed below. *See Appendix B for additional information and documentation requirements.*

QP2: INDIVIDUALS AND ADULT FAMILIES

Must meet **ALL** of the requirements below.

- Less than 30% AMI (Requires income verification); **AND**
- Does not have sufficient resources or support networks immediately available to prevent them from moving into an emergency shelter or other place listed in QP1: Homeless; **AND**
- Meets **ONE** of six (6) following conditions:
 - Has moved because of economic reasons two or more times during the **60 days** immediately preceding the application for HOME-ARP housing.
 - Is living in someone else's home because of economic hardship.
 - Has been notified in writing that their right to occupy their current housing or living situation will be terminated within **21 days** after the date of application for assistance.
 - Lives in a hotel or motel and the cost of the hotel or motel stay is **NOT** paid by charitable organizations or by federal, State, or local government programs for low-income individuals (if the hotel/motel is paid for by a charitable organization or governmental agency, the individual qualifies as *QP1: Homeless*).
 - Two (2) or more people living in a single-room occupancy (SRO / studio) or efficiency apartment unit **OR** people living in a larger housing unit with more than one and a half (1.5) people per room. **Note: overcrowding is measured by ROOMS – excluding kitchen and bathrooms – not BEDROOMS.** (E.g. A 2-bedroom unit that has a living room and dining room has **four (4) rooms**. This unit can have up to six (6) people living in it before it is considered "overcrowded." To qualify as QP2 with this condition, the unit in question would need to house seven (7) or more people).
 - Is living in a publicly funded institution, or system of care.

QP2: UNACCOMPANIED CHILDREN AND YOUTH (UP TO AGE 25^{vi})

A child or youth who does not qualify as “homeless” as outlined in QP1: Homeless, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act ([42 U.S.C. 5732a\(3\)](#)), [34 USC 11279: Definitions \(house.gov\)](#), section 637(11) of the Head Start Act ([42 U.S.C. 9832\(11\)](#)), section 41403(6) of the Violence Against Women Act of 1994 ([42 U.S.C. 14043e-2\(6\)](#)), section 330(h)(5)(A) of the Public Health Service Act ([42 U.S.C. 254b\(h\)\(5\)\(A\)](#)), section 3(m) of the Food and Nutrition Act of 2008 ([7 U.S.C. 2012\(m\)](#)), or section 17(b)(15) of the Child Nutrition Act of 1966 ([42 U.S.C. 1786\(b\)\(15\)](#))

QP2: FAMILIES WITH CHILDREN AND YOUTH

A child or youth who does not qualify as “homeless” under the homeless definition but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)) and the parent(s) or guardian(s) of that child or youth if the parent(s) or guardian(s) live with them.

QP3: IMMINENT RISK OF HARM

QP3: FLEEING OR ATTEMPTING TO FLEE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, STALKING, OR HUMAN TRAFFICKING (SEX TRAFFICKING OR LABOR TRAFFICKING)

Due to the sensitive nature of this population, only collect necessary information. The written documentation need only include the minimum amount of information indicating that the individual or family fleeing or attempting to flee domestic violence, sexual assault, stalking, or human trafficking, and **need not include any additional details** about the conditions that prompted that individual or family to seek assistance. *See Appendix B for additional information and documentation requirements.*

Units that are funded by the Housing Affordability Program that house victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking are obligated to maintain the confidentiality of the survivor. Any information that is provided under the Violence Against Women Act (VAWA)’s housing protections, including the fact that the applicant is a VAWA survivor, must be kept confidential by the housing provider. These obligations include keeping any such information out of a shared database and not disclosing the information to others unless the survivor consents in writing to the disclosure, disclosure is required for use in an eviction proceeding, or the law otherwise requires it.

The Affordable Housing Subrecipient must provide QP3 applicants with information on their rights and how to file a complaint with HUD if their confidentiality is not protected. (See [34 U.S.C. §12491\(c\)\(4\)](#); [24 C.F.R. § 5.2007\(c\)](#)).

QP4: OTHER POPULATIONS

QP4: OTHER FAMILIES REQUIRING SERVICES OR HOUSING ASSISTANCE TO PREVENT HOMELESSNESS

MUST meet **ALL** requirements listed below. *See Appendix B for additional information and documentation requirements.*

- Previously homeless; **AND**
- Housed due to temporary or emergency assistance (such as time-limited rental assistance programs or emergency rental assistance programs that is ending); **AND**
- Need for additional assistance to prevent return to homelessness.

QP4: AT GREATEST RISK OF HOUSING INSTABILITY (REQUIRES INCOME VERIFICATION)

MUST meet **BOTH** requirements listed below. *See Appendix B for additional information and documentation requirements.*

- Annual income that is less than or equal to 30% AMI, **AND**
- Experiencing severe cost burden (paying more than 50% of monthly household income towards housing costs)

QP4: LOW INCOME AND AT RISK OF HOMELESSNESS (REQUIRES INCOME VERIFICATION)

MUST meet income and housing instability requirements. *See Appendix B for additional information and documentation requirements.*

- Annual income that is less than or equal to 50% AMI, **AND**
- Meets **ONE** of six (6) following conditions:
 - Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for HOME-ARP Supportive Services.
 - Is living in someone else's home because of economic hardship.
 - Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21-days after the date of application for assistance.
 - Lives in a hotel or motel and the cost of the hotel or motel stay is NOT paid by charitable organizations or by federal, State, or local government programs for low-income individuals (if the hotel/motel is paid for by a charitable organization or governmental agency, the individual qualifies as QP1: Homeless).
 - Two (2) or more people living in a single-room occupancy (SRO / studio) or efficiency apartment unit **OR** people living in a larger housing unit with more than one and a half (1.5) people per room. **Note: overcrowding is measured by ROOMS – excluding kitchen and bathrooms – not BEDROOMS.** (Ex. A 2-bedroom unit that has a living room and dining room has **four (4) rooms**. This unit can have up to six (6) people living in it. The unit in question would need to house seven (7) or more people to qualify as QP4).
 - Is living in a publicly funded institution, or system of care.

TENANT REQUIREMENTS

Each household that occupies a HOME-ARP assisted unit must execute a lease that complies with the tenant protection requirements prescribed in [CPD 21-10](#).

A HOME-ARP sponsor – a nonprofit organization that provides housing or supportive services to qualifying households – may execute a lease for a HOME-ARP unit or a master lease for multiple units in a project. The HOME-ARP sponsor may then sublease the HOME-ARP rental unit to a qualifying household.

TENANT SELECTION PROCESS

To be eligible for placement within one of the units that have been assisted with HOME-ARP funds, the household must either meet the Qualifying Population requirements outlined in [CPD 21-10](#) or low-income household requirements as defined in [24 CFR 92.2](#).

The Subrecipient must either use the Coordinated Entry system or create a project-specific waitlist to place tenants into HOME-ARP funded units. **All individuals and families must have access to apply for placement on the project's waitlist.** To the extent possible, individuals and families on a waitlist will be selected in chronological order.

A preference for serving one specific HOME-ARP targeted population may be requested in the application. If a preference is selected, the written agreement must specify the method the Subrecipient will use for selecting qualifying households for admission to HOME-ARP units.

OCCUPANCY DISTRIBUTION

QUALIFYING POPULATION

At least seventy percent (70%) of all rental units that are funded in part or in whole by HOME-ARP funds **MUST** be restricted for occupancy by households that qualify as a QP at the time of their initial occupancy.

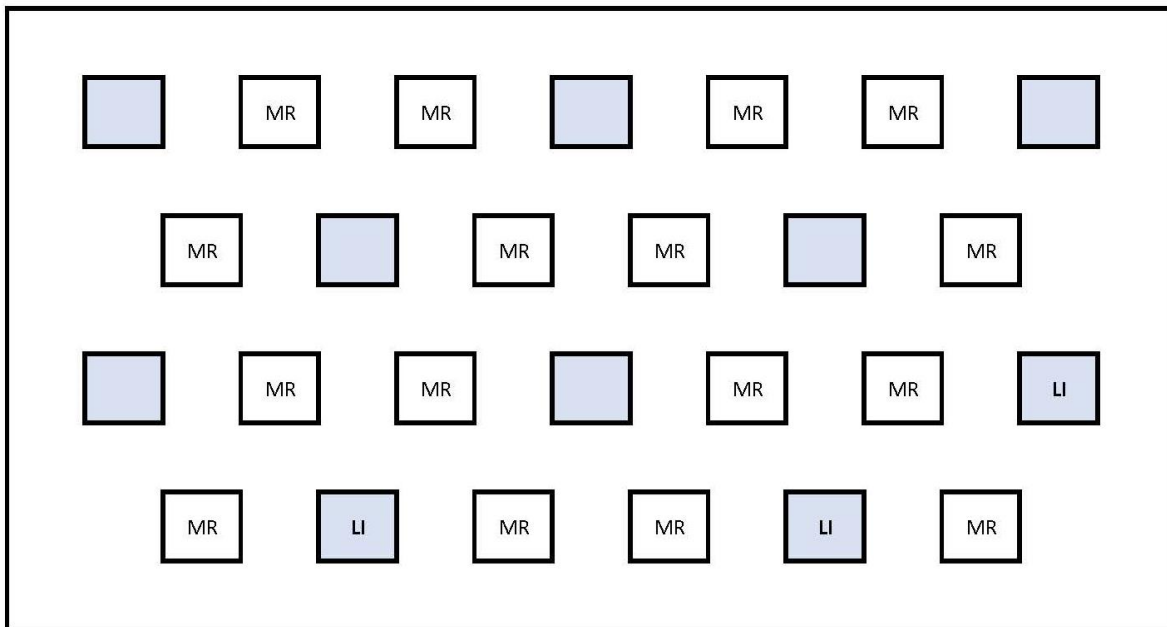
A household that met the definition of one or more qualifying populations at initial occupancy remains a qualifying household throughout their period of occupancy irrespective of changes in income or whether they continue to meet a qualifying population definition (e.g., no longer qualify as homeless after being admitted to a HOME-ARP unit).




LOW-INCOME HOUSEHOLDS

Up to thirty percent (30%) of the total number of rental units assisted with HOME-ARP funds may be occupied by low-income households (as defined in [24 CFR 92.2](#)) who do not otherwise meet the Qualifying Population criteria.

*Example: In a project that consists of 10 units, at least 7 of those units **MUST** be occupied by a household that qualified as a Qualifying Population when they moved in. **HOWEVER, no more than 3 or less of those 10 units can be restricted for low-income households.***

Example Community with 10 HOME-ARP Assisted Units



-  **Qualifying Population Units:** At least 70% of HOME-ARP assisted units must be occupied by individuals and families that qualified as QP1, QP2, QP3, or QP4 at the time of initial occupancy.
-  **Low-Income Units:** Up to 30% of HOME-ARP assisted units can be occupied by low-income households. *Note, being low-income does NOT automatically qualify an individual or family as QP1, QP2, QP3, or QP4.*
-  **Market Rate Units:** A development can also contain any number of Market Rate units to help offset long term operating costs.

FLOATING UNITS

Unless all units in a development are being assisted with HOME-ARP Affordable Housing funds, the units will be designated as floating rather than fixed units. This means that assistance is tied to a number of units rather than to specific unit locations. The number of units that are assisted is the number of units that **must** be reserved for use by QP or low-income households.

QP UNIT COMPLIANCE

The qualifying household retains its eligibility to occupy a HOME-ARP unit regardless of whether the household continues to meet the QP definition and regardless of changes to their income.

For example, a household that qualifies as “Homeless” at admission does not meet the homeless definition once the household occupies a HOME-ARP unit, but they remain a qualifying household and are eligible to remain in a HOME-ARP assisted rental unit.

A unit that is occupied by a qualifying household remains in compliance with the HOME-ARP unit restriction as long as the unit is occupied by an individual or household that met the definition of a Qualifying Population at the time of admission.

Income determinations for qualifying households are only for purposes of establishing a qualifying household's rental contribution and not for maintaining continued eligibility in the HOME-ARP program.

*Developers are **strongly** encouraged to shift the HOME-ARP qualifying population designation to another unit to serve another qualifying household if the household's income is certified to be at or above eighty percent (80%) of the area median income ("AMI") and the household no longer meets the qualifying population definition.*

LOW-INCOME UNIT COMPLIANCE

At initial occupancy, units that are restricted for low-income households must be occupied by households that meet the definition of low-income in [24 CFR 92.2](#). If a tenant's income increases above the applicable low-income limit during the period of affordability, the unit will be considered temporarily out of compliance.

TEMPORARY NONCOMPLIANCE

Low-income units will be considered temporarily out of compliance if the household's income increases above eighty percent (80%) of the Area Median Income ("AMI"). Noncompliance requires the Subrecipient to take action to maintain rent and unit mix requirements by filling all new vacancies with qualifying population or low-income households.

An increase in a tenant's income does not constitute good cause to evict a tenant or refuse to renew their lease, regardless of program requirements associated with other funding sources.

TENANT CONTRIBUTION TO RENT

The Subrecipient must use the definition of annual income at [24 CFR 5.609](#) and the process described in [Notice CPD-21-10](#) to examine the household's income at initial occupancy and each subsequent year during the period of affordability to determine the household's ongoing income eligibility and applicable contribution to rent.

HOME-ARP units that receive Federal or state project-based rental subsidy may charge the rent allowable under the rental subsidy program. If a Single Room Occupancy ("SRO") unit has both sanitary and food preparation facilities, the maximum HOME-ARP rent is based on the zero-bedroom fair market rent. If the SRO unit only has sanitary facilities, the maximum HOME-ARP rent is based on seventy five percent (75%) of the zero-bedroom fair market rent.

QUALIFYING POPULATION

A household that met the definition of one of the HOME-ARP qualifying populations at initial occupancy and whose annual income at the time of income re-certification is above fifty percent (50%) AMI but at or below eighty percent (80%) of AMI must pay the rent specified in [24 CFR 92.252\(a\)](#).

A qualifying household whose income is above eighty percent (80%) AMI must pay rent that complies with the over income regulatory requirements at [24 CFR 92.252\(i\)\(2\)](#).

A qualifying household may not contribute more than thirty percent (30%) of their adjusted annual income to rent and utility allowance.

LOW-INCOME HOUSEHOLDS

A low-income household that is not low-income at the time of income re-certification (i.e., whose income is above eighty percent (80%) AMI) must pay rent that complies with the over income regulatory requirements at [24 CFR 92.252\(i\)\(2\)](#).

See *Attachment C: Area Median Income (AMI)* for information on the 2024 Kennewick, Richland, Pasco MSA incomes. New AMI sheets will be available yearly once they are published by HUD. These reports are typically published late spring or early summer.

DOCUMENTATION OF ELIGIBLE HOUSEHOLDS

The Subrecipient is required to keep a file on each Qualifying Population and Low-Income Household that occupies a QP or Low-Income unit throughout the period of affordability. This file must be updated annually at time of recertification. All required eligibility documentation **must** remain in the participant's file through the entire record retention period.

RECORD RETENTION

The Lead Entity and Subrecipient will retain program and project records for **at least six years** after the period of affordability (fifteen to twenty years depending on the type of project plus six years). The period for maintaining records may be extended due to either of the following:

- Records that are the subject of audit findings must be retained for at least three years after such findings have been resolved; the six-year minimum record retainage requirement still applies.
- If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

CONFIDENTIALITY AND AVAILABILITY OF INFORMATION

The Subrecipient agrees to participate with the Consortium in any project evaluation or performance report – as designated by the Consortium or the appropriate Federal agency – and to make available all information required by such evaluation process, provided that compliance is maintained with applicable confidentiality laws.

Access to personally identifiable information will be restricted to only the staff that need to access the data to carry out their duties. Staff will be held accountable for ensuring privacy and confidentiality of the data.

ELIGIBLE COSTS^{vii}

HARD COSTS

Development hard costs are the actual cost of constructing or rehabilitating housing to meet applicable property standards. For both new construction and rehabilitation projects, eligible development costs include:

- Demolishing existing structures.
- Making utility connections including off-site connections from the property line to the adjacent street.
- Making utility connections or improvements to the project site, in accordance with the provisions of [24 CFR 92.206\(a\)\(3\) \(ii\)](#) and [\(iii\)](#).
- Making improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.
- In multifamily rental housing projects, constructing or rehabilitating laundry and community facilities that are located within the same building as the housing and which are for the use of the project residents and their guests.
 - The amount that can be reimbursed is based on the number of QP units within the project. *(For example, if eighty percent (80%) of the units are occupied by Qualifying Populations, then eighty percent (80%) of the cost to construct or rehabilitate the common area is an eligible expense).*
- Meeting new construction and rehabilitation standards as defined in [24 CFR 92.251](#).

SOFT COSTS

Related soft costs include *reasonable* and *necessary* costs incurred by the Consortium or the Subrecipient to complete new construction, acquisition, or rehabilitation of HOME-ARP funded affordable rental housing. **These costs may not exceed 15% of the HOME-ARP funding received by the Subrecipient.** Soft costs include:

- Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups. The costs may be paid if they were incurred not more than twenty-four (24) months before the date that HOME-ARP funds are committed to the project and if the Consortium expressly permits HOME-ARP funds to be used to pay the costs in the written agreement.
- For both new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction.
 - The amount that can be reimbursed is based on the number of QP units within the project. *(E.g. if eighty percent (80%) of the units are occupied by Qualifying Populations, then up to eighty percent (80%) of the impact fees can be paid with HOME-ARP funds).*
- Costs of environmental review and release of funds in accordance with [24 CFR part 58](#) which are directly related to the project.

VACANT LAND / DEMOLITION

Developers may use funding to acquire vacant land or to demolish an existing building to make way for new housing; however, construction **must** start within 12 months of commitment to qualify.

ACQUISITION COSTS

The costs associated with acquiring improved or unimproved real property are eligible for reimbursement.

RELOCATION COSTS

Relocation costs are not eligible for reimbursement with this program. **Priority will be given to projects that do not displace anyone.**

AMOUNT OF ASSISTANCE

The minimum amount of assistance on a HOME-ARP Affordable Rental Housing project is \$1,000 times the number of HOME-ARP assisted units in the project. *(For example, in a project with ten (10) assisted units, the minimum amount of assistance would be \$10,000. Number of units (10) x \$1,000 = \$10,000).*

There is no maximum per-unit subsidy with HOME-ARP assisted Affordable Housing projects.

NEW CONSTRUCTION PROJECTS

Projects that are funded with HOME-ARP Housing Affordability funds must follow all property standards outlined in [24 CFR 92.251](#).

STATE AND LOCAL CODES, ORDINANCES, AND ZONING REQUIREMENTS

Housing that is newly constructed with HOME-ARP funds must meet **ALL** applicable State and local codes, ordinances, and zoning requirements. HOME-assisted new construction projects must meet State and local residential and building codes, as applicable or, in the absence of a State or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The housing must meet all applicable requirements upon project completion.

ACCESSIBILITY

New housing must meet the accessibility requirements of [24 CFR part 8](#), which implements [Section 504](#) of the *Rehabilitation Act of 1973* (29 U.S.C. 794), and [Titles II](#) and [III](#) of the *Americans with Disabilities Act* (42 U.S.C. 12131-12189) implemented at [28 CFR parts 35](#) and [36](#), as applicable.

Covered multifamily dwellings, as defined at [24 CFR 100.201](#), must also meet the design and construction requirements at [24 CFR 100.205](#), which implements the Fair Housing Act (42 U.S.C. 3601-3619).

DISASTER MITIGATION

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

COST ESTIMATES, CONSTRUCTION CONTRACTS, AND CONSTRUCTION DOCUMENTS

The Consortium will ensure the construction contract(s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. The Consortium will review and approve written cost estimates for construction and determining that costs are reasonable and eligible.

CONSTRUCTION PROGRESS INSPECTIONS

The Consortium will conduct progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents. For additional information, see the *Inspections* section below.

BROADBAND INFRASTRUCTURE

New construction with more than 4 rental units **MUST** include installation of broadband infrastructure, as defined in [24 CFR 5.100](#), except where the Consortium determines and documents in accordance with [24 CFR 92.508\(a\)\(3\)\(iv\)](#) that:

- The location of the new construction makes installation of broadband infrastructure infeasible
- The cost of installing the infrastructure would result in a fundamental alteration in the nature of its program or activity; or
- The cost of installing the infrastructure would result in an undue financial burden.

REHABILITATION PROJECTS

STATE AND LOCAL CODES, ORDINANCES, AND ZONING REQUIREMENTS

All rehabilitation projects are required to meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council.

CONSTRUCTION DOCUMENTS AND COST ESTIMATES

All work that is undertaken must meet the Consortium's rehabilitation standards. The construction documents (i.e., written scope of work to be performed) must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with the Consortium's standards. The Consortium must review and approve a written cost estimate for rehabilitation after determining that costs are reasonable and eligible.

CAPITAL NEEDS ASSESSMENTS

For multifamily rental housing projects of twenty-six (26) or more total units, the Consortium must determine all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment of the project.

REHABILITATION STANDARDS

In order to ensure adequate, complete, and safe housing for qualified populations and low-income households, all rehabilitation projects that are funded with HOME-ARP funds must, at a minimum, meet HUD's NSPIRE Standards (*Attachment D: National Standards for the Condition of HUD Housing* and *Attachment E: NSPIRE Checklist*); all federal, State, and local codes, ordinances, and zoning requirements; and the *Health and Safety* and *Major Systems* requirements outlined below.

HEALTH AND SAFETY

All new construction, rehabilitation, and manufactured housing projects that are assisted with HOME-ARP funds **MUST** be free of all health and safety defects or hazards that pose a danger to residents. For additional information, see the *Ongoing Property Condition Standards* section below.

MAJOR SYSTEMS

The Consortium will estimate (based on age and condition) the remaining useful life of all major systems. These systems include:

- Structural support
- Roofing
- Plumbing
- Electrical
- Cladding and weatherproofing (windows, doors, siding, and gutters)
- Heating
- Ventilation
- Air-conditioning

On multifamily housing projects of twenty-six (26) or more units, the Consortium will determine the useful life of all major systems through a capital needs assessment of the project. If the remaining useful life of one or more major system is determined to be less than the period of affordability, the Subrecipient must create a replacement reserve in which monthly payments will be made that are adequate to repair or replace the systems as needed. **Major systems whose remaining useful life is less than 5 years may be rehabilitated or replaced as part of the overall rehabilitation project.**

LEAD BASED PAINT

All housing projects assisted with HOME-ARP funds are required to comply with ALL requirements related to the evaluation and control of lead based paint hazards and to have proper documentation of such (see [24 CFR part 35](#), *Attachment F: Lead Based Paint Notice*, and *Attachment G: Lead Based Paint Checklist* for more information. The Lead based Paint Poisoning Prevention Act ([42 U.S.C. 4821-4846](#)), the Residential Lead based Paint Hazard Reduction Act of 1992 ([42 U.S.C. 4851-4856](#)), and the applicable regulations at [24 CFR 35](#) apply.

ACCESSIBILITY

HOME-ARP funded housing must meet the accessibility requirements in [24 CFR part 8](#), which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at [24 CFR 100.201](#), must also meet the design and construction requirements at [24 CFR 100.205](#), which implements the Fair Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.

DISASTER MITIGATION

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

HUD HOUSING STANDARDS

Upon completion, the HOME-assisted project and units must be decent, safe, sanitary, and in good repair. This means that the HOME-assisted project and units will meet the standards in [24 CFR 5.703](#).

At a minimum, rehabilitation projects **MUST** correct the specific deficiencies published in the Federal Register for HOME-assisted projects and units. For SRO housing, [24 CFR 5.703\(d\)](#) shall only apply to the extent that the SRO unit contains the referenced room or facility.

BROADBAND INFRASTRUCTURE

Substantial rehabilitation housing projects with more than 4 rental units **MUST** include installation of broadband infrastructure, as defined in [24 CFR 5.100](#), except where the participating jurisdiction determines and documents in accordance with [24 CFR 92.508\(a\)\(3\)\(iv\)](#) that:

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

ACQUISITION OF STANDARD HOUSING

Existing housing that is acquired with HOME-ARP assistance for rental housing, and that was newly constructed or rehabilitated less than 12 months before the date of commitment of HOME-ARP funds, must meet the property standards described in the *New Construction Projects* and *Rehabilitation Projects* sections above. The Consortium must document this compliance based upon a review of approved building plans and Certificates of Occupancy, and an inspection that is conducted no earlier than 90 days before the commitment of HOME-ARP assistance.

All other existing housing that is acquired with HOME-ARP assistance for rental housing must meet the rehabilitation property standards requirements in the *Rehabilitation Projects* sections above. The Consortium will document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME-ARP assistance. If the property does not meet these standards, HOME-ARP funds cannot be used to acquire the property unless it is rehabilitated to meet these standards.

MANUFACTURED HOUSING

Construction of all manufactured housing including manufactured housing that replaces an existing, substandard unit under the definition of “reconstruction” must meet the Manufactured Home Construction and Safety Standards codified at [24 CFR part 3280](#). These standards preempt State and local codes which are not identical to the federal standards for the new construction of manufactured housing.

Manufactured housing projects must comply with applicable State and local laws or codes. In the absence of such laws or codes, the installation must comply with the manufacturer's written instructions for installation of manufactured housing units.

All new manufactured housing and all manufactured housing that replaces an existing, substandard unit under the definition of “reconstruction” must be:

- On a permanent foundation that meets the requirements for foundation systems as set forth in [24 CFR 203.43f\(c\)\(i\)](#),
- Connected to permanent utility hook-ups at the time of project completion, and
- Located on land that is owned by the manufactured housing unit owner or land for which the manufactured housing owner has a lease that is equal to or longer than the period of affordability.

In HOME-funded rehabilitation of existing manufactured housing the foundation and anchoring must meet all applicable State and local codes, ordinances, and requirements or in the absence of local or state codes, the Model Manufactured Home Installation Standards at [24 CFR part 3285](#).

Manufactured housing that is rehabilitated using HOME-ARP funds must meet the property standards requirements in paragraph the *Rehabilitation Projects* section above, as applicable. The Consortium will document this compliance in accordance with inspection procedures that the participating jurisdiction has established pursuant to [24 CFR 92.251](#), as applicable.

INSPECTIONS

The Consortium will conduct an initial property inspection for rehabilitation projects to identify the deficiencies that must be addressed. The Consortium will conduct progress and final inspections on all HOME-ARP funded Affordable Housing projects to confirm that work is completed in accordance with work write-ups and to determine that the project meets the property standards of [24 CFR 92.251](#). Inspections will be conducted by trained, qualified, certified inspectors.

All Affordable Housing Projects will be inspected according to the following schedule in accordance with § [92.504\(d\)](#). Inspectors must be granted access to the project, as requested, within reasonable work hours. Significant findings must be corrected prior to funding progress payments.

Initial Property Inspection (Pre-Construction)	Progress Inspections (Construction Phase)	Final Inspection (Post Construction)	Period of Affordability	Conducted By
For rehabilitation projects, an initial property inspection will be conducted to identify deficiencies that must be addressed during the project.				Consortium Qualified, Trained, Certified Inspector
	Monthly during the construction phase			Consortium Staff
		A post construction inspection will be conducted to ensure that the project meets all project requirements. This inspection will occur before final payment will be made.		Consortium Qualified, Trained, Certified Inspector
			At least once every 3 years during the period of affordability. If Health Safety issues are found, inspections will be conducted at least once every year .	Consortium Qualified, Trained, Certified Inspector

CORRECTIVE AND REMEDIAL ACTIONS

Timely corrective action must be taken to remedy any deficiencies within the project. If there are observed deficiencies for any of the inspectable items in the property standards established by the Consortium, a follow-up on-site inspection to verify that deficiencies are corrected must occur within twelve (12) months. The Consortium may accept third party documentation (e.g., paid invoice for work order) as proof that non-hazardous deficiencies have been corrected.

Health and safety deficiencies must be corrected immediately, in accordance with [24 CFR 92.251](#). The Consortium will adopt a more frequent inspection schedule for properties that have been found to have health and safety deficiencies.

POST-CONSTRUCTION INSPECTION

An inspection will be conducted once construction is complete to identify any items that need to be completed before project closeout to bring the project into compliance with the property standards listed in [24 CFR 92.251](#). The Subrecipient will create a punch list of any tasks that need to be accomplished, make all needed corrections, and submit the completed punch list to the Consortium with notes on the corrective action(s) taken to remedy the flagged items.

Once all punch list items have been corrected and the completed punch list has been submitted to the Consortium, a final inspection will be scheduled. If any additional findings are made at this inspection, the Subrecipient will be responsible for creating a new punch list, completing the items, and scheduling a follow-up inspection with the Consortium. This process will continue until all punch list items have been corrected and no additional findings have been made.

Final payment will not be made until all punch list items have been corrected, inspected by the Consortium, and certified complete.

ONGOING PERIODIC INSPECTIONS

Following project close-out and throughout the period of affordability, HOME-ARP funded units will continue to be inspected once every **three (3) years** by the Consortium to ensure they continue to comply with HUD's life safety requirements; local, State and federal regulations; and the requirements laid out in this document.

All funded units must remain in compliance with the property standards of [24 CFR 92.251](#) and information must be submitted by the Subrecipient in accordance with the requirements of [24 CFR 92.252](#). All inspections must be in accordance with the Consortium's standards and the requirements of [24 CFR 92.251](#). (see *Attachment H: Inspection Checklist*)

- The Subrecipient must annually certify to the Consortium that each building and all HOME-assisted units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the Consortium to meet the requirements of with [24 CFR 92.251](#).

- Inspections must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through a document published in the Federal Register.
 - For projects with one-to-four HOME-assisted units, a participating jurisdiction must inspect all of the HOME-assisted units and all inspectable areas for each building with HOME-assisted units.

FINANCIAL OVERSIGHT

During the period of affordability, the Consortium will examine the financial condition of HOME-assisted rental projects with ten (10) or more units at least annually to determine the continued financial viability of the housing and must take actions to correct problems, to the extent feasible.

ONGOING PROPERTY CONDITION STANDARDS

The Subrecipient is required to maintain the property as decent, safe, sanitary, and in good repair. The following property standards must be maintained throughout the affordability period and for all housing occupied by tenants receiving HOME tenant-based rental assistance. Properties that are not maintained to these standards may be liable for repayment of HOME-ARP funds.

COMPLIANCE WITH STATE AND LOCAL CODES, ORDINANCES, AND REQUIREMENTS

New construction, rehabilitation, and manufactured housing projects are required to meet all applicable State and local code requirements and ordinances throughout the period of affordability. In the absence of existing applicable State or local code requirements and ordinances, at a minimum, the Subrecipient must ensure that the property does not contain the specific deficiencies established by HUD based on the applicable standards in [24 CFR 5.703](#) and published in the Federal Register for rental housing (including manufactured housing) and housing occupied by tenants receiving HOME tenant-based rental assistance. The requirements at [24 CFR 5.705](#), [5.707](#), [5.709](#), [5.711](#), and [5.713](#) do not apply.

HEALTH AND SAFETY

All new construction, rehabilitation, and manufactured housing projects that are assisted with HOME-ARP funds **must** be free of all health and safety defects or hazards that pose a danger to residents. Life-threatening deficiencies must be immediately corrected by the owner; these include, but are not limited to the following:

- Carbon Monoxide
- Electrical Hazards
- Extreme Temperature
- Flammable Materials or Other Fire Hazards
- Excessive Garbage and/or Debris
- Handrail Hazards
- Infestation
- Mold
- Structural Soundness

SUBRECIPIENTS

APPLICATION AND SELECTION

Interested owners and developers (“Subrecipient” if selected) are required to participate in a mandatory orientation prior to the application process. Selection will happen on an annual basis through a competitive Request for Application (“Application”). The application to be considered a Subrecipient will be available for 30-days following the orientation.

1. Applications are publicized and identify all evaluation factors and their relative importance
2. Applications are completed electronically; all responses are considered to the maximum extent practical
3. HOME-ARP applications are reviewed and Subrecipients are chosen by all three Consortium Member Cities
4. Selections are made and funds distributed based on our Risk Assessment, the number of qualified applicants, the amount requested, and the amount of funds available
5. Prospective projects may also be identified by the Consortium
6. Funds are awarded to the organization(s)/developers whose application(s) is/are most advantageous to the program, with price and other factors considered

A preference for serving one specific HOME-ARP targeted population may be requested in the application.

RISK ASSESSMENT

Risk assessment will be based on a standardized Risk Assessment form. This form will be used to determine if the Subrecipient Applicant is low, medium, or high risk. This is calculated by the following questions:

1. Is this type of project new for the Subrecipient?
2. Has this type of project been completed successfully in prior years?
3. Does the Subrecipient have unresolved audit findings?
4. Are the Subrecipient staff responsible for the HOME-ARP Program new or inexperienced?
5. Have all prior monitoring issues or findings been corrected?
6. Have performance goals been met in prior years?
7. What is the type of Activity?
8. Does the project have sufficient alternative funding sources to complete the work in a timely manner and in compliance with all applicable regulations?

Being high risk does not necessarily disqualify applicants from being awarded HOME-ARP funds; however, priority is given to applicants that are low risk.

SAM.gov

Before executing any Contract or Subrecipient Agreement using HOME-ARP funds, the City will consult the Excluded Parties List at SAM.gov ([2 CFR 200.214](#)). The Consortium is not allowed to do business using Federal funds with any Contractor or Subrecipient that is not registered with SAM.gov.

WRITTEN AGREEMENTS WITH SUBRECIPIENTS

The Consortium must approve a project before HOME-ARP funds can be committed and before an Agreement may be executed with the Subrecipient. The written Subrecipient Agreement (“Agreement”) forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The Agreement will denote responsibilities attributable to each party and shall outline in exact measure the scope of services to be provided, the methods of accountability, and a schedule for payment. The written agreement must specify type of project being completed.

Execution of the Agreement binds the Subrecipient for a specified period of time and may be revised only upon written authorization from the Consortium. Compliance with the stipulations within these Policies & Procedures is a requirement of the Agreement. The Agreement remains in effect during any period that the Subrecipient is operating or implementing a program in which HOME-ARP funds are being invested.

*An environmental review **must** be complete, and a written Agreement **must** be executed with the Subrecipient prior to the release of HOME-ARP funds by the Consortium.*

QP SELECTION PREFERENCE

The written agreement between the Consortium and the Subrecipient must specify the method the Subrecipient will use for selecting qualifying households for admission to HOME-ARP units. The Subrecipient must adopt and follow written tenant selection policies and criteria for HOME-ARP units. These policies **must**:

- Limit eligibility to households that meet one of the HOME-ARP qualifying populations definitions or low-income households in accordance with HOME-ARP requirements.
- List preferences for households in one or more of the HOME-ARP qualifying populations, if any. These preferences must comply with the Consortium’s preferences and the Consortium’s policies and procedures for applying those preferences. They must not violate nondiscrimination requirements in [24 CFR 92.350](#).
- Not exclude an applicant with a voucher under the section 8 Housing Choice Voucher Program ([24 CFR 982](#)), or an applicant participating in HOME, HOME-ARP or other federal, state or local tenant-based rental assistance program because of the status of the prospective tenant as a holder of such a certificate, voucher, or comparable tenant-based assistance document.
- If the Subrecipient utilizes a project-specific waitlist to select qualifying households and/or low-income households for occupancy of HOME-ARP units, provide for the selection of households from a written waiting list in chronological order based on the date of their application, insofar as is feasible.
- Give prompt, written notification of the grounds for any rejection to any rejected applicant.
- Complies with the VAWA requirements as described in [24 CFR 92.359](#).

INSURANCE REQUIREMENTS

The Subrecipient and its employees, volunteers, contractors, and consultant shall provide to the Consortium, and carry throughout the life of the Agreement: Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance, and other coverage as may be appropriate or required by State or Federal law.

Insurance is to be placed with insurers with a current rating by the Housing Agencies, of at least Class VI for financial status and at least B+ for performance from the A.M. Best Company, or a rating of at least A from Demotech, Inc.^{viii} This insurance shall include the following^{ix}:

- Commercial General Liability: Commercial General Liability Insurance shall be written on Insurance Services Office (“ISO”) occurrence form CG 00 01^x and shall cover liability arising from premises, operations, independent contractors, personal injury, and advertising injury. The insurance shall include the Consortium, its members, officers, officials, employees, and agents with respect to performance of services, and shall contain no special limitations on the scope of protection afforded as an additional insured. If the liability coverage is written as a claim made policy, then evidence of an extended reporting period or “tail” coverage for a three-year period after project completion must be purchased, or otherwise maintained for the three-year period.
 - Employers Liability Coverage: If this agreement is over \$50,000 then Employers Liability Coverage shall also be maintained. Coverage shall include limits of not less than \$1 million per occurrence, and \$2 million aggregate.
- Comprehensive Automobile Liability Insurance: Business Automobile Liability Insurance with a minimum combined limit no less than \$1 million per accident for bodily injury and property damage shall be maintained. Coverage shall include owned, hired, leased, and non-owned automobiles. Coverage shall be written on ISO form CA 00 01^{xi} or a substitute form providing equivalent liability coverage. If deemed necessary, the policy shall be endorsed to provide contractual liability coverage.
- Professional Legal Liability: Subrecipient shall maintain Professional Legal Liability or Professional Errors and Omissions coverage appropriate to the Subrecipient’s profession and shall be written subject to limits of not less than \$1 million per claim and \$1 million policy aggregate limit. The coverage shall apply to liability for a professional error, act or omission arising out of the scope of the work for this agreement. Coverage shall not exclude bodily injury, hazards, or property damage related to the work in this agreement, including testing, monitoring, measuring operations, or laboratory analysis where such services are rendered as part of the agreement.
- Worker’s Compensation (Industrial Insurance): Workers’ Compensation Insurance as required by Title 51 RCW^{xii} shall be maintained and Subrecipient shall provide evidence of coverage if required.

Subrecipient shall furnish the Consortium with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements prior to the commencement of the work. The insurance policies are to contain, or be endorsed to contain, the following provisions for Commercial General Liability insurance, Comprehensive Automobile Liability Insurance, and Professional Legal Liability:

- The insurance coverage shall be primary as respect to any insurance or self-insurance covering the Consortium, its members, elected and appointed officers, officials, employees, and agents.
- Any insurance, self-insurance, or insurance pool coverage maintained by the Consortium and its members shall be excess of the Subrecipient’s insurance and shall not contribute with it.
- The insurance shall not be cancelled by either party, unless 30 days prior written notice has been given by certified mail, return receipt requested, to the Consortium.

AFFIRMATIVE MARKETING

ALL HOME-ARP funded programs and projects must be affirmatively marketed to attract eligible persons without regard to race, color, national origin, sex, religion, familial status, or disability. Affirmative marketing procedures must include requirements detailed in [24 CFR Part 92, 92.351^{xiii}](#). A detailed affirmative marketing plan must be submitted to the Lead Entity at the start of a project.

The Consortium is committed to providing equal access and opportunity to all persons. The three cities will not discriminate and will require that all contractors, subcontractors, recipients, Subrecipients, owners, landlords, and vendors not discriminate against any person on the basis of race, color, national origin, gender, sex, religion, disability, or familial status. See *Attachment I: Affirmative Marketing Plan* for more information.

Actions to provide information and attract eligible persons in the community that otherwise would not be aware of these projects or funding opportunities may include displaying advertisements in Spanish and English in local newspapers; hosting neighborhood meetings; direct mailing to social service agencies or businesses that employ or are frequented by lower income persons; providing information to housing authorities, advertising in periodical newsletters or utility bill inserts; distributing flyers or brochures at community events to businesses that have ties to the agricultural community; providing community service announcements on television, radio networks, and City reader-boards for special events / activities; and maintaining contacts with community agencies and people who have agreed to act as interpreters and mentors for non-English speaking residents.

AGREEMENT TERMINATION

The Lead Entity or the Subrecipient may terminate an Agreement for default for any of the following reasons:

- Failure to deliver the supplies and/or services
- Failure to perform work in a timely manner
- Violation of an Agreement clause, such as the prohibition against gratuities
- Violations of labor standards or other violations

If a project is terminated before completion or is otherwise not compliant with HOME-ARP rental requirements, the Subrecipient must repay all HOME-ARP funds received for the Affordable Rental Housing project.

A default clause must be included in the agreement that provides for termination without negotiation when the Subrecipient fails to perform as specified in the agreement.

The HOME-ARP Subrecipient shall terminate an Agreement for convenience or default only by a 30-day written notice to the Lead Entity. The notice shall state the following:

- That the Agreement is being terminated for the convenience of the HOME-ARP Subrecipient or that it is being terminated for default, under the Agreement clause authorizing the termination
- If terminated for default, the acts or omissions constituting the default, the Consortium's determination that failure to perform is not excusable, the HOME-ARP Subrecipient's right to charge excess costs of re-procurement to the contractor, and the contractor's appeal rights shall be listed

- Whether the Agreement is terminated in whole or in part
 - For partial termination, identify the specific items being terminated
- The effective date of termination
- Any special instructions

DISBURSEMENT OF FUNDS

The Subrecipient may request HOME-ARP funds only when a written agreement has been fully executed. The funds are available on a **reimbursement basis ONLY** for specific, allowable costs. The Subrecipient shall be reimbursed for eligible project costs after the Lead Entity has reviewed and approved invoices, statements, other billings, and supportive documentation.

To access funds, the Subrecipient must submit the following documents (additional instructions will be provided during the mandatory orientation):

- Invoice and Disbursement Request Form
- Subrecipient invoice
- Invoice from contractor(s) and/or subcontractor(s) (when applicable)
- Any other applicable back-up documentation, such as:
 - Expense Reports
 - Payroll Summaries
 - Time sheets
 - Et Cetera

FAITH BASED ORGANIZATIONS

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the HOME-ARP program. Organizations may not engage in inherently religious activities, such as worship or religious instruction, or proselytization, as a part of the programs or services funded with HOME-ARP funds. If the organization conducts such activities, the activities must be offered at a different time or location, from the programs or services funded with HOME-ARP funds, and participation must be voluntary for the beneficiaries of the HOME-ARP funded programs or services. Faith-based organizations may use space in their facilities to provide HOME-ARP funded services without removing religious art, icons, scripture, or other religious symbols.

FINANCIAL VIABILITY

FINANCIAL ANALYSIS

Subrecipients must demonstrate the financial capacity to support the proposed project during construction, lease-up, and ongoing operations. This includes not only that the applicant has sufficient financial resources, but that it also has adequate financial systems in place to appropriately manage project funding, accurately account for all project costs, and provide reliable reporting to the Consortium and other project funders. Costs must be “*reasonable and necessary*” and must represent a “*good deal*” to the public.

At minimum, the Consortium will review audited financial statements, contingent liabilities, interim financial statements, and individual personal financial statements to ensure that:

- The Subrecipient’s most recent audit demonstrates compliance with Generally Accepted Accounting Principles (GAAP) and does not express material weaknesses in the entity’s system of internal controls or financial management systems; and
- Financial ratios and trending are acceptable.

DEVELOPMENT BUDGET

SOURCES

Applicants will be required to provide copies of commitment letters or, at a minimum, letters of interest from lenders for all the funding sources identified in the development budget.

ACQUISITION

For projects that have an acquisition expense, the applicant will be required to provide an appraisal from an independent party that justifies the acquisition cost. If HOME-ARP funds are used to acquire property, the Subrecipient must demonstrate the ability to start construction within twelve (12) months of commitment.

CONSTRUCTION

The applicant will be required to provide a line-item construction cost estimate that includes both site work and building construction. Staff will assess the reliability of the estimate based upon by whom (developer, architect, contractor) and by what method (comparable projects, contractor pricing, actual bids) the estimate was produced. A construction contingency of 10% above the estimate for new construction and 15% for substantial rehab projects is acceptable. An approved change order is required prior to incurring any costs that were not previously approved.

Staff will compare the overall per square foot (“PSF”) total construction cost to the range of PSF costs of recent similar projects. The analysis will note any unusual project factors – difficult topography, lack of nearby infrastructure, or environmental issues that affect site work costs, special project design elements such as enhanced accessibility or solar panels, etc. – that impact the cost estimate.

SOFT COSTS

These include financing costs such as engineering, architectural, or related professional services. HUD requirements specifically state that project soft costs must be *reasonable and necessary*.

Soft costs may not exceed 15% of the HOME-ARP funding received by the Subrecipient.

PROJECT REQUIREMENTS

The Subrecipient must follow all applicable fair housing, civil rights, and non-discrimination requirements. This includes, but is not limited to, the Fair Housing Act, Title VI of the Civil Rights Act, Section 504 of Rehabilitation Act, HUD's Equal Access Rule, and the Americans with Disabilities Act, as applicable.

PROPERTY STANDARDS

HOME-ARP rental units must comply with all rental property standards required in [24 CFR 92.251](#) paragraphs [\(a\)](#), [\(b\)](#), [\(c\)\(1\)](#) and [\(2\)](#), [\(e\)](#), and [\(f\)](#).

UNDERWRITING AND SUBSIDY LAYERING

A detailed project budget must be included in the Subrecipient's application to verify that there exists sufficient alternative funding to successfully complete the project and to determine the appropriate amount of HOME-ARP funding to provide. Alternative funding includes loans, secured investments, secured donations, and secured grants (see *Attachment J: Home Rental Development Underwriting*).

ENFORCEMENT OF RENTAL REQUIREMENTS

The Consortium will impose the HOME-ARP rental requirements through a legally binding agreement restricting the use of the property and recorded on the property in accordance with State recordation laws.

PROJECT COMPLETION AND NONCOMPLIANCE

If a project is terminated before completion or is otherwise not compliant with HOME-ARP rental requirements, **the Subrecipient must repay all HOME-ARP funds received for the Affordable Rental Housing project.**

TIMELINESS

If a project is not completed within **4-years** of project commitment, the Subrecipient **MUST repay ALL HOME-ARP Affordable Rental Housing funds.** Additionally, HOME-ARP Affordable Rental Housing funds used for any units that are not rented to eligible qualifying or low-income households within **12 months** of project completion **must also be repaid.**

INTERNAL CONTROLS

Subrecipient must have written accounting procedures for approving and recording transactions. Financial records must periodically be compared to actual assets and liabilities to check for completeness and accuracy.

MONITORING AND REPORTING

HUD requires monitoring of Subrecipient agencies on an annual basis. Monitoring is an ongoing process of reviewing performance using documented data to make judgments about Subrecipient performance, and to assist in improving that performance. Agreement compliance monitoring performed by Consortium staff is different from an annual audit. Monitoring is not an audit of the Subrecipient, but rather is focused on the Program that is federally funded.

The Consortium is responsible for monitoring HOME-ARP Subrecipients to ensure compliance with all Federal, State, and local rules, regulations, and laws. This is accomplished through desk monitoring and on-site monitoring visits.

MONITORING GOALS

The goal of monitoring is to review:

- Subrecipient agencies to determine if services are being delivered in accordance with Agreement requirements as to type of services and number of units of service
- Records to determine if systems are in place to properly document the provision of services, client eligibility, and compliance with all Agreement requirements
- Subrecipient agencies to determine if expenditures of allocated funds are being used in accordance with the Agreement and programmatic requirements
- Records of Subrecipient agencies to determine if systems are in place to properly document financial transactions, the use of allocated funds, the use of program income, and any other Agreement, Federal, State, or local requirements. In some cases, it may be necessary to perform a follow up monitoring visit or conduct monitoring more frequently than once per year

Substandard performance, as determined by the Consortium, will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Consortium, Agreement suspension or termination procedures will be initiated. *(See Agreement Termination for additional information)*

PROGRAM MONITORING PROCESS

Consortium staff will contact the Subrecipient to schedule monitoring visits. The Subrecipient will be informed which records will be initially reviewed. These records should be ready for review upon arrival in a working space set up for the Lead Entity and should be in an understandable format. Alternatively, the Lead Entity may conduct a desk-top review and may require the Subrecipient to submit documents to the Lead Entity's office. During these visits the Lead Entity will:

- Meet staff responsible for preparing reimbursement requests, payroll, and maintaining accounting records
- Review records selected for monitoring and discuss record keeping methods with the staff that maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records to be reviewed by the Lead Entity may include, but are not limited to:
 - Invoices and purchase orders
 - Bank reconciliation
 - Time and attendance reports (time sheets or timecards)

- Payroll register
- Cash receipts journal
- Check disbursement journal or check register
- Bank statements, canceled checks, and/or direct deposit verification
- General ledgers
- Any additional item (vouchers, documents, financial reports, records, etc.) needed to verify transactions

ENTRANCE CONFERENCE

After the Subrecipient has been selected, the Consortium will meet with the Subrecipient staff that manage the Program and with other interested persons to answer any questions regarding the monitoring process. The Lead Entity will discuss record keeping methods and programmatic procedures with the staff who will maintain them.

MONITORING VISITS

The Consortium will monitor the performance of the Subrecipient against the goals and benchmarks described in their HOME-ARP application and approved budget. Monitoring visits by the Consortium may be scheduled or unannounced. The Consortium reserves the right to inspect all files and other documentation necessary to monitor performance in accordance with applicable laws and in compliance with HUD guidelines.

The Lead Entity will review the records that were selected for monitoring and discuss record keeping methods and programmatic procedures with the staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report. Records which will be reviewed by the Lead Entity include, but are not limited to:

- Reports sent to the Consortium for the period under review, with supporting documents
- Daily logs, time sheets, and other documents used to prepare reports
- A list of clients served and those that did not receive assistance with the written reason for denial during the Agreement period
- A sample of client records, drawn from a list of assisted clients; the client records should include eligibility documentation and records of services provided

Subrecipient must agree to provide all requested documentation to the Lead Entity within five (5) business days to maintain compliance with the HOME-ARP Program and related laws, rules, regulations, and policies.

All Subrecipient records, with respect to any matters covered by this Agreement, shall be made available at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within thirty (30) days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this agreement and may result in the withholding of future payments.^{xiv}

QUARTERLY REPORTS: PRE-CONSTRUCTION AND CONSTRUCTION PHASE

The Subrecipient is required to submit Quarterly Reports within fifteen (15) calendar days of the end of each quarter during the fiscal year, as specified within the Subrecipient's written Agreement with the Consortium.

These reports are important for the Consortiums ability to track the Subrecipient's performance with regard to implementing the project or activity. The reports provide the status of the Subrecipient's progress towards achieving the goals stipulated in their application and any issues that have arisen during the reporting period, and use of funds. Additional reporting may be requested by the HOME Consortium.

Specific due dates for the Quarterly Reports will be included in the written agreement with the Consortium; however, the general time frame for submittal is the following:

	DATE	DUE BY
Quarter 1	January 1 st – March 31 st	April 15 th
Quarter 2	April 1 st – June 30 th	July 15 th
Quarter 3	July 1 st – September 30 th	October 15 th
Quarter 4	October 1 st – December 31 st	January 15 th

SOURCE DOCUMENTATION

All accounting records must be supported by source documentation. Supporting documentation is important to retain for all program expenditures. Documentation must specifically prove that expenditures charged to the grant are:

- Incurred only during the period of the Agreement between the Consortium and Subrecipient
- Were actually paid out (or properly accrued within 15 days of dispersal request for reimbursement)
- Allowable and reasonable
- Approved by a responsible official in your organization

Source documentation must explain the basis of the costs incurred. For example:

- With respect to staff time charged to the grant, you must have timesheets signed by the employee and supervisor that explicitly state the hours charged to the grant
- Utility costs should be supported by bills from the utility company
- This information must be available at all times to verify that costs charged to the HOME-ARP Program are accurate

REVIEW OF RECORDS

The enforceable restriction must provide that units assisted with HOME-ARP comply with the HOME-ARP requirements throughout the minimum 15-year compliance period for new construction projects or 20-year compliance period for rehabilitation projects, including:

- Units restricted for qualifying populations must be occupied by households that met the definition of a qualifying population at the time of initial occupancy.
- Units available for low-income households must be continuously occupied by households who are income eligible. The rents for these units must comply with the rent limitations specified in [24 CFR 92.252\(i\)\(2\)](#) for households whose income increases above 80 percent of area median income.
- The units must comply with the ongoing property condition standards of [24 CFR 92.251\(f\)](#) throughout the compliance period as demonstrated by an on-site inspection within twelve (12) months of project completion and an on-site inspection at least once every three years thereafter as required by [24 CFR 92.504](#).
- Each household that occupies a HOME-ARP unit has an executed lease that complies with all required tenant protections.

The table below outlines the requirements for on-site inspections, based on the total number of HOME-ARP units within a property.

TOTAL NUMBER OF HOME-ARP UNITS IN PROPERTY	NUMBER OF UNITS TO BE INSPECTED
1-4	100% of units
5+	Review a minimum of 5 files or 20% of HOME-ARP units, whichever is greater.

The Consortium will check the Subrecipient’s records against submitted records and reports (*this list is not exhaustive*):

- To determine that:
 - Amounts in Subrecipient’s records match the amounts submitted to the Consortium
 - Reports are presented in a timely manner (by the date specified in the Agreement)
 - Reports are accurate and completed in a satisfactory manner
 - Proposed goals and timeline for completion are being met
 - Project / Activity is following HOME-ARP program Policies & Procedures
 - Only expenses agreed upon in the Agreement are billed to the HOME-ARP Program
 - Files are complete and maintained in an orderly fashion
- To ensure there is sufficient documentation that:
 - Participant eligibility is based on Qualified Population or low-income status
 - The provision of services and scope of work meet the terms of the Agreement
 - HOME-ARP Program agreements are dated and signed by the applicant and Subrecipient prior to the commitment of funds

SALARIES, REVENUE, AND OTHER OPERATING EXPENSES

The Lead Entity will verify salaries by:

- Reviewing time and attendance reports for time billed to HOME-ARP and verification of reports by supervisor
- Checking that there is a clear audit trail between the timesheets, payroll register, general ledger accounts, and Federal and State reports
- Testing computation for gross amounts, deductions, and net payments
- Verifying canceled checks for amounts and endorsements
- Comparing employees' time from timecards to the time reported on reimbursement requests
- Verifying that the costs requested for reimbursements are allowable and reasonable under the terms of the Agreement
- Verifying invoices and payments
- Verifying that purchase of equipment matches general ledger account and financial reports
- Ensure that purchased equipment is allowable
- Verifying calculation of depreciation (if applicable)
- Make physical inspection of equipment (if applicable)

The Lead Entity will verify:

- That amounts disbursed by Consortium reconcile with funds received by the Subrecipient
- The amounts and use of any program income or CHDO proceeds received

The Lead Entity will verify other operating expenses by:

- Examining invoices and related canceled checks
- Reviewing invoices for approvals and account distribution
- Determining if the costs are allowable
- Verifying Subrecipient's line-item costs to amounts requested for reimbursement
- Verifying that amounts requested for reimbursement agree with posting to general ledger accounts

REVIEW OF OVERALL ACCOUNTING

The Lead Entity will:

- Review the process used to record the various transactions and determine if it is effective
- Review the actual transactions and their supporting documentation, determining eligible reimbursement expenses. In order for an expenditure to be considered eligible for reimbursement, the following requirements must be met:
 - The expenditure must be for the current funding period
 - It must be an expenditure related to HOME-ARP activity
 - It must be an expenditure permitted by the Agreement
- Review the overall Subrecipient performance to determine if it is within compliance according to the terms and conditions of the Agreement
- Determine if the prior year's monitoring findings have been corrected and are not being repeated

MONITORING REPORTS AND APPEALS

Within thirty (30) days after the completion of the monitoring visit or desk-top review, a written report of the results will be forwarded to the Subrecipient. If the program and fiscal monitoring were performed concurrently, the reports for both will be combined under a single cover letter.

MONITORING REPORT

The monitoring report contains:

- A detailed list of areas reviewed
- A detailed list of findings, if any
- A recommendation will accompany each finding explaining how the deficiency can be corrected
- A detailed list of concerns, if any
- Depending on the nature of the concern, a recommendation may be included on how to eliminate the concern
- Observations, if any, made regarding the Subrecipient's operation
- If findings are severe, the letter accompanying the report may place a hold on further reimbursements until the findings are cleared or may require the suspension of the activity until satisfactory corrective actions are made and approved by the Lead Entity

RESPONSE TO MONITORING REPORT

Within thirty (30) days after receipt of the monitoring report, the Subrecipient must submit a written response to the monitoring report. The response should include:

- A response to each individual finding and concern, if applicable
- Copies of any documentation to back up the response to the findings (copies of corrected employee monthly time reports, etc.)

RESPONSE TO SUBRECIPIENT RESPONSE

Upon receipt of the Subrecipient's response to the monitoring report, a review of the response will be conducted to determine if the findings have been satisfied. A written response to the Subrecipient's response will be sent, to include the following:

- Those findings which have been satisfied will be noted as closed; if all findings are closed, the Subrecipient's monitoring for the year under review is considered to be complete
- Findings which are not satisfied will remain open and will require further response or action on the Subrecipient's part
- The Subrecipient will be given an adequate period of time to take any further action needed to correct the findings and respond in writing
 - If these actions are satisfactory, the findings are noted as closed and the monitoring is considered to be complete
 - If these actions are not satisfactory, further correspondence is required until such time as all findings are closed and the monitoring is concluded
 - The close of the Agreement does not necessarily close the monitoring or the corrective actions required

Correspondence will continue until all findings are closed.

APPEALS

In the event that the Subrecipient and the Lead Entity cannot come to an agreement on one or more findings of the Consortium's monitoring visit, an appeal may be made in writing to the Planning and Development Manager^{xv}. The appeal should state clearly the finding being appealed, and the basis for the appeal. HUD does not accept appeals of decisions by the Consortium regarding monitoring issues.

EXIT CONFERENCE

The Lead Entity will meet with the Subrecipient to discuss the results of the monitoring. The Lead Entity may invite staff and/or board members as they deem appropriate. The purpose of the exit conference is to:

- Discuss findings, if any, and methods of correcting each individual deficiency
- Discuss concerns, if any, and methods of correcting concerns
- Discuss any observations made regarding the Subrecipient and offer technical assistance where applicable
- Answer any questions Lead Entity or staff may have

FEDERAL REQUIREMENTS

ENVIRONMENTAL REQUIREMENTS

HOME-ARP regulations require an Environmental Review and environmental clearance before funds are expended or costs are incurred on any activity. This includes:

- Execution of a legally binding agreement.
- Use of non- HOME-ARP funds on actions that would have an adverse impact (e.g., demolition, dredging, filling, excavating).
- Use of non- HOME-ARP funds on actions that would be prohibited with HOME-ARP funds until an Environmental Review is completed.

Some activities are unlikely to have a direct impact on the environment; however, an Environmental Review is still required prior to implementation. Such activities include:

- Public service activities
- Information and financial services
- Engineering and design costs
- The purchase of tools or insurance
- Technical assistance or training

SUBRECIPIENT REQUIREMENTS

Subrecipient may be asked to assist in the Environmental Review by providing information, maps, and site data. Subrecipient shall comply with all terms and conditions of the Environmental Review and shall implement all required mitigation measures identified in the Environmental Review. This includes activities outlined in the Scope of Work not paid directly by HOME-ARP funds.

PROCUREMENT

The purpose of these standards is to ensure materials and services are obtained efficiently, economically, and in compliance with the provisions of applicable federal laws. Situations where local and federal purchasing standards do not match, the more stringent procurement procedures must be followed.

Subrecipients must follow applicable federal regulations, including:

- [2 CFR 200.318](#) – General Procurement Standards
- [2 CFR 200.319](#) – Competition
- [2 CFR 200.320](#) – Methods of Procurement to be Followed

Sole Source Procurement (non-competitive process) is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is unsuccessful. Sole Source Procurement is appropriate only when the needed service or good is only available from a single source, or there is an emergency or public urgency that exists which will not permit the delay of competitive solicitation.

BUILD AMERICAN BUY AMERICAN (BABA) ACT

BABA requires that all iron and steel (since 2022), construction materials (required in 2025), and manufactured products (required in 2025) purchased with funds from all CPD programs, including HOME-ARP, are produced in America.

- Iron and Steel
- Construction Material
 - Non-ferrous metals
 - Lumber
 - Plastic and polymer-based composite building materials, pipes, and tube
- All other Construction Material (required in 2025)
 - All other plastic and polymer-based composite building materials
 - Glass
 - Fiber optic cable
 - Optical fiber
 - Engineered wood
 - Drywall
- Manufactured Products (required in 2025)
 - Materials or wood supplies that have been:
 - Processed into a specific form or shape, or
 - Combined with other materials, or supplies to create a product with different properties than the individual articles, materials, or supplies

GENERAL RESPONSIBILITIES

Regulations governing the purchase and procurement of goods and services with HOME-ARP funds must be followed to assure that:

- Procurement transactions are conducted in a manner that provides maximum free and open competition.
- Equal Employment Opportunity and Fair Labor Standards are adhered to throughout the procurement process.
- Small minority-owned businesses and Women’s business enterprises have an opportunity to bid.
- Unnecessary or duplicate purchase are not made.

SUBRECIPIENT REQUIREMENTS

To achieve the objectives of the federal regulations, the following is required:

- A clear and accurate description of the material, product, or service to be procured.
- Clearly set forth all requirements which bidders must fulfill (Equal Employment Opportunity, Davis- Bacon wage rates, etc.).
- Awards shall be made only to responsible contractors that possess the potential ability to perform successfully under the terms and conditions of a proposed procurement.
- All Subrecipient must have written procurement procedures for the purchase of goods and services.
- **Subrecipient must meet with City prior to procurement of goods and services.**

- **The chosen Contractor must be registered with SAM.gov.**

The procurement method summary is as follows. Full details are outlined in the City of Richland’s Procurement Policy (see *Attachment K: Procurement Policy*). Note: the HUD requirements listed below have a lower threshold than the City’s requirements; in cases where the City’s requirements and HUD’s requirements differ, the stricter of the two will be observed.

- \$0 to \$3,000 - Micro-purchases may be awarded without soliciting competitive quotes.
- \$3,001 to \$150,000 – must obtain 3 written quotes
- \$150,001 and over – written specifications are necessary and require a sealed bidding process using a “Request for Proposal” or “Competitive Bid.” Competitive bidding must be advertised for at least 14 business days with opening on 15th day. Subrecipient must perform a price analysis, including amendments and change orders.

DAVIS BACON

Projects that contain twelve (12) or more units may have additional Davis Bacon requirements. A guide for contractors on Davis-Bacon can be found online at:

<https://files.hudexchange.info/resources/documents/Davis-Bacon-and-Labor-Standards-Agency-and-Contractor-Guide.pdf>

CODE OF CONDUCT

The Subrecipient shall maintain written Standards of Conduct governing the performance of the employees engaged in the award and administration of Agreements.

No member of the Subrecipient organization shall participate in the selection, award, or administration of an Agreement supported by Federal funds if a real or apparent conflict of interest would be involved. An example of such a conflict is if the employee, officer, or agent, any immediate family, his / her partner, or an organization which employs or is about to employ any of the parties indicated above has a financial or other interest in the firm selected for an award.

The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to Agreements with Subrecipient. The Subrecipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Subrecipient.

VAWA

Subrecipient must comply with the Violence Against Women Act (VAWA) requirements set forth in [24 CFR 92.359](#).

CODE OF ETHICS

A Subrecipient’s oversight body is expected to demonstrate a commitment to integrity and ethical values. Subrecipient’s must have a written Code of Ethics reflecting this commitment for members of their Board of Directors.

CONFLICT OF INTEREST

The general rule^{xvi} is that no employee, board member, officer, agent, consultant, or staff member of a Subrecipient receiving funds under a HOME-ARP Program may have during their tenure or for one year thereafter:

- Responsibilities with respect to the HOME-ARP activities
- Participate in decision-making processes
- Have access to inside information with regard to the activities that could result in a personal or financial interest or benefit from a HOME-ARP-assisted activity

Agencies must maintain a written Code of Conduct that governs the purchase of materials, product, supplies, and services, as well as the awarding and administering of Subrecipient Agreements. Personnel involved in the procurement process must be trained to recognize situations that create a conflict of interest or the appearance of a conflict of interest. The Subrecipient personnel should:

- Be familiar with the Subrecipient's Code of Ethics, Code of Conduct, and potential conflict of interest issues
- Not take gifts or gratuities from persons or organizations associated with the procurement process
- Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies

Additional guidance regarding Conflict of Interest is found at [2 CFR 200.112](#), [2 CFR 200.317](#), and [2 CFR 200.318](#). Procurement must comply with the conflict-of-interest provisions in the HOME-ARP regulation outlined in 24 CFR 92.356.

LOBBYING AND HATCH ACT

The Subrecipient organization is prohibited from using any HOME-ARP funds to any person for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement. The Subrecipient must also ensure that no funds provided, nor personnel employed with HOME-ARP funds shall be in any way or to any extent engaged in the conduct of political activities in violation of chapter 15 of Title V, U.S. Code.

UNIFORM RELOCATION ASSISTANCE (URA)^{xvii}

The Uniform Act, passed by Congress in 1970 set forth at [49 CFR Part 24](#), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

The Consortium prioritizes projects that will not cause displacement of individuals or businesses. If a project is selected that results in temporary or permanent displacement, the Subrecipient will follow the

guidance as authorized under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Section 104(d) of the Housing and Community Development Act of 1974 at a minimum.

The Consortium will minimize, to the greatest extent possible, permanent displacement that might result from the use of HOME-ARP funds. The Consortium reserves the right to reject an activity or require that a Subrecipient provide non-federal financial relocation assistance to persons or organizations affected by the activity if the activity causes permanent displacement.

For additional information on URA, see *Attachment L: Uniform Relocation Assistance and Real Property Acquisition Act*.

END NOTES

- ⁱ https://www.hud.gov/sites/documents/19787_CH06.PDF
- ⁱⁱ [Final HOME-ARP Implementation Notice \(hud.gov\)](#) sections 21 and 22 on pages 36-37
- ⁱⁱⁱ [eCFR :: 24 CFR 91.5 – Definitions: 24 CFR 91.5](#)
[42 USC 11302: General definition of homeless individual \(house.gov\)](#) section 103(a) of the McKinney-Vento Homeless Assistance Act
[42 USC 11360: Definitions \(house.gov\)](#) As amended, 42 U.S.C. 11302(a) McKinney-Vento
- ^{iv} [eCFR :: 24 CFR 91.5 – Definitions](#) and [The McKinney-Vento Homeless Assistance Act As Amended by S.896 The Homeless Emergency Assistance and Rapid Transition to Housing \(HEARTH\) Act of 2009 \(hud.gov\)](#) Title IV – Housing Assistance; Subtitle A – General Provisions; Section 401 Definitions
(<https://www.hud.gov/sites/dfiles/CPD/documents/HOME-ARP/HOME-ARP-Webinar-Presentation-05-17-22.pdf>)
- ^{vi} [eCFR :: 24 CFR 91.5 “Homeless”](#)
- ^{vii} [eCFR :: 24 CFR 92.206 -- Eligible project costs](#), [Chapter 6: Rental Housing](#), and [HOME-ARP Program Fact Sheet: Rental Housing](#)
- ^{viii} [G 7401 \(hud.gov\)](#) HUD G 7401.5 Chapter 1. General Insurance Requirements; Subsection b. Authorized Insurance Companies
<https://apps.hud.gov/offices/adm/hudclips/guidebooks/7401.5G/74015gc1GUID.pdf#:~:text=Although%20HUD%20does%20not%20set%20mandatory%20standards%20for,company%20in%20the%20NA-3%20category%20%28Insufficient%20Operating%20Experience%29>
- ^{ix} [G 7401 \(hud.gov\)](#) Chapter 1. General Insurance Requirements, Section 1-3 B
- ^x Insurance Services Office (“ISO”) form CG 00 01 is the Commercial General Liability Insurance form. Subrecipients are responsible to obtain this form from their insurance provider.
- ^{xi} Insurance Services Office (“ISO”) form CA 00 01, or Business Auto Coverage Form. Subrecipients are responsible to obtain this form from their insurance provider.
- ^{xii} [Title 51 RCW: INDUSTRIAL INSURANCE \(wa.gov\)](#)
- ^{xiii} [eCFR :: 24 CFR 92.351 -- Affirmative marketing; minority outreach program.](#)
- ^{xiv} Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight. Section VIII B. 6 Audits & Inspections
- ^{xv} Kerwin Jensen, kjensen@ci.richland.wa.us
- ^{xvi} [eCFR :: 24 CFR 570.611 -- Conflict of interest.](#)
- ^{xvii} [RRED HOME-ARP Policy Brief Final \(03.31.22\).pdf \(hud.gov\)](#)