

COMMUNITY DEVELOPMENT BLOCK GRANT

2024 Recipient Workshop

UPPER STORY HOUSING PROGRAM

IOWA
economic development

Joyce Brown, Project Manager

TOPICS OF DISCUSSION

- Environmental and Historic Review
 - Contract Condition Clearance
 - Implementation and Management
 - Site Monitoring
 - Grant Close Out
 - 3-Year Period of Affordability



Environmental Review

- » National Environmental Policy Act of 1969 (NEPA) provides for protection of environmental quality
- » CDBG recipients follow 24 CFR Part 58
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/lawsandregs/regs
- » No 'choice limiting action' may be taken until IEDA formally releases funds; examples:
 - Property acquisition or transfer
 - Rehabilitation
 - Conversion
 - Bid Solicitation
 - Construction
 - Demolition (Deconstruction)



Environmental Review

» Environmental Review

- Level of Review: Environmental Assessment
- Environmental Assessment Packet on Website, Under “Environmental Compliance”: [CDBG Management Guide | Iowa Economic Development Authority \(iowaeda.com\)](#)

» No Tiered Review:

- All requirements must be completed before Release of Funds:
Noise, Section 106, Explosive Hazards, Asbestos, Etc.

PLEASE NOTE: A Radon test is now required for these projects and testing must be conducted by a certified professional.

» Process

- Complete EA Packet
- Publish the Finding of No Significant Impact and disseminate (Local Comment Period is 7–15 days)
- Submit the “Request for Release of Funds RROF” and the “Certification” form in the “Compliance Forms” component in IowaGrants
- Wait for RROF from IEDA. (15-day Comment Period)
- Project can begin.

Environmental Notes:

➤ **Initiate Section 106 Review Process**

- May need to conduct historical survey to start if one not done recently

➤ **Identification and Evaluation of Historic Properties**

- Identify the Area of Potential Effects (APE) including sites within, adjacent to and directly or indirectly related to the undertaking which may be affected
- Evaluate resources including any downtown districts within the APE that are listed on or eligible for listing on the National Register of Historic Places (NRHP)

➤ **Reminder:** IEDA has 30 days to review Section 106 submittals, so remember to allow enough time.

➤ **Questions:** Any questions specifically related to your Environmental Review, please contact Robert Jonet at Robert.Jonet@IowaEDA.com .

Contract Condition Clearance:

➤ Development Agreement:

- This is the agreement executed between the Recipient Entity (City or County) and the Developer (Building Owner/Developer). This is NOT a sub-recipient agreement per HUD regulations, as it does not delegate the roles and responsibilities of the Recipient down to the Developer. The Recipient retains all responsibilities, and the Developer owns the property and executes the project. The Development Agreement should include the CDBG award amount, the number of units and a timeline for the project completion.
- The IEDA template can be obtained by reaching out to me at Joyce.Brown@IowaEDA.com.
- This document must be recorded.
- This must be uploaded in “Contract Condition Clearance Documents” in IowaGrants prior to the first GAX submission.

Implementation and Project Management

- Requires an IEDA certified CDBG Grant Administrator.
- Make sure all "Required Uploads" have been adopted by the Recipient and uploaded in IowaGrants, are no older than 5 years and are the most current IEDA version.
- Prior to the first construction payment, each property receiving CDBG funds will be required to enter into a (3) three-year non-receding forgivable loan/mortgage, as well as the following forms. (Reach out to me for a template for the following documents.).
 - Mortgage Form
 - Promissory Note
 - Assignment of Leases and Rents
 - Covenants Form
 - UCC and Addendum
 - Lease Addendum
- CDBG funding requires that Federal Lead-Safe Housing regulations, impacting units built prior to January 1, 1978 must be adhered to. As such, this program is designed to limit projects to those that either work under Lead Safe Interim Controls as qualified for under the exemption for National Register listed or eligible properties, under 24 CFR 35.115 OR the contractor implements full lead abatement in accordance with the Federal Lead Safe Housing regulations.

Implementation and Project Management continued....

- All projects must utilize a licensed architect and/or engineer for design development and compliance.
- Claims for construction need to be submitted on the AIA pay request form, signed by the General Contractor and the Architect. Good to have the City sign as well if possible.
- All units shall be designed and constructed in accordance with locally adopted and enforced building codes and standards. In the absence of any locally adopted and enforced building codes and standards, the requirements of the CURRENT Iowa State Building Code SHALL apply.
- In accordance with 24 CFR 5.100, if the project consists of substantial rehabilitation of a building with more than 4 rental units and for which CDBG funds are first obligated on or after April 19, 2017 , installation of broadband infrastructure must be included. Projects that feel they cannot meet this requirement must provide a written statement to IEDA giving a detailed explanation as to why they cannot comply. IEDA will then review the statement for its validity and make a decision to approve or deny the claim.
- For projects opting to use Green Streets funding, a HERS Rater must complete an assessment when the units are at the point of installing drywall and again at completion of the project to make sure the acceptable rates have been reached.

Site Monitoring

- On-site monitoring normally scheduled at 50%+ drawdown level
- When a monitoring has been scheduled, a checklist will be posted in the “site visit” component of IowaGrants for use to prepare your responses and documentation before IEDA’s visit
- The grant administrator must be present at an on-site visit and ensure that persons able to answer financial and other questions for the city are readily available; at IEDA staff discretion, can be done in part with Zoom meeting or via conference call; elected city officials can attend in any format
- Any issues or required corrections will be provided to city/administrator
- Will complete an onsite review of the completed project.
- Financial Management
 - Will look at one draw in detail – have vendors, checks, invoices, and date, etc. ready.
 - Keep a separate ledger on CDBG funds or be able to isolate/ID those funds
- Remember, anyone not on the Development Team that was submitted and approved at the time of application, must be federally procured. (See Chapter 2 in the Grants Management Guide)

Grant Closeout Process:

- Incur ALL costs prior to ending date.
- Submit the Final GAX with all costs being accounted for within 60 days of the contract end date.
- Upload the Section 3 forms due at project completion.
- A “Housing Unit Verification” form must be uploaded in the “Compliance Forms” component of IowaGrants.
- Make sure to have before and after photos of the project, if not provided at time of Site Monitoring, uploaded in the “Required Uploads” component of IowaGrants.



3-Year Period of Affordability

➤ Housing Unit Verification Form - Year One of Period of Affordability

- Prior to renting any unit, unless an Owner/Developer has received an Inspection Report from a Certified Lead Inspector/Risk Assessor stating the building is **Lead Free**, an Owner/Developer must adhere to the Lead-Based Paint Regulations. Each tenant at time of lease-up must be given the “Protect Your Family From Lead in Your Home” pamphlet and the opportunity to review the lead inspection /risk assessment report created for the building. A disclosure form must be signed by both the owner and the tenant, which the owner will keep with their records. (Forms are provide in Appendix 6 of the Grant Management Guide).
- The Housing Unit Verification form must be uploaded at time of project completion and initial lease-up in order to verify the National Objective was met.
- All units must be rented at the ratio allowed at time of application unless an amendment has been approved. If all units have not been rented and the National Objective has not been met, funds may be required to be paid back in full. (LMI versus Market Rate)
- This will begin Year One of the Period of Affordability and should be completed with the assistance of the Grant Administrator.

➤ Year 2 through 3 Period of Affordability

- The Project Manager will, on an annual basis for years 2 through 3, send a certification form to the owner for completion. All LMI rents must not exceed the current HOME 65% rent limits.
- There will also be a “Self-Certification of Income” form that the owner must have each adult member of each household complete.

3-Year Period of Affordability Continued....

➤ Year 2 through 3 Period of Affordability

- Note: If a tenant has vacated a unit, prior to the end of the Period of Affordability, the new tenant must be determined low-to-moderate income (LMI) and provide an application and all income verifications if they are going to be renting an LMI unit.
- Note: If an LMI determined household gets an increase in income to make them no longer eligible under the definition of LMI, an owner may not evict or ask the tenants to vacate the unit. However, the next vacant apartment would then have to be rented to an LMI household.
- If the Owner/Developer wants to sell or transfer ownership prior to the end of the 3-Year Period of Affordability, they **MUST** have IEDA approval prior to doing so. At that time, the Development Agreement must be assigned to the new owner and a new mortgage must be entered into for the Period of Affordability.

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