MISSISSIPPI DEVELOPMENT AUTHORITY
MISSISSIPPI

Mississippi Development Authority

Affordable Rental Housing Rehabilitation & Reconstruction Program

PROGRAM GUIDELINES

Version Control

Version Number	Date	Summary of Changes	Approved By
1.0	July 29, 2026	Initial Version	MDA-CID

Table of Contents

Version Policy

Version history is tracked in the Version History Table (page i), with notes regarding version changes. Dates of each publication are also tracked in this table. Substantive changes in this document that reflect a policy change will result in the issuance of a new version of the document. For example, a substantive policy change after the issuance of Version 1.0 would result in the issuance of Version 2.0, an increase in the primary version number. Non-substantive changes such as minor wording and editing or clarification of existing policy that do not affect interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number (i.e., Version 2.1, Version 2.2, etc.).

Policy Change Control

Policy clarifications, additions, or deletions may be needed during the course of the Program. All policy decisions, exceptions, and material interpretations shall be documented in a controlled decision log and incorporated into a revised version of these Guidelines when appropriate. Unless otherwise stated and legally permissible, revisions apply prospectively from the approved effective date. These Guidelines shall be read together with the Housing and Community Development Act, applicable disaster appropriations, the HUD Universal Notice as amended, the applicable Allocation Announcement Notice, the executed grant agreement and grant conditions, the HUD-approved Mississippi Action Plan as amended, and current MDA-CID policies. If authorities conflict, the most current and specific controlling authority governs. No policy exception may waive a binding federal, grant-specific, civil-rights, environmental, relocation, or other non-waivable requirement.

1 Introduction

This document serves as the Program guidelines for the State of Mississippi's disaster recovery Affordable Rental Housing Rehabilitation and Reconstruction Program (ARHP or Program). These guidelines were developed to provide guidance on Program implementation that follows HUD requirements and best practices. This document may also serve as a reference for Landlord-Applicants and other interested parties who want to understand how the Program operates. Note that this Program Guidelines document is only intended to address the Affordable Rental Housing Rehabilitation and Reconstruction Program. Each of the other recovery Programs outlined in the Mississippi Action Plan for Disaster Recovery ("Action Plan") is governed by its own Program Guidelines document.

In 2025, the State of Mississippi received a Community Development Block Grant–Disaster Recovery (CDBG-DR) allocation from the U.S. Department of Housing and Urban Development (HUD) to address remaining unmet recovery needs associated with DR-4697-MS, DR-4727-MS, and DR-4790-MS. HUD allocated $134,953,000 to Mississippi through the Allocation Announcement Notice published at 90 FR 4759. MDA-CID administers the grant and has allocated $19,548,420 to the Affordable Rental Housing Rehabilitation and Reconstruction Program, consistent with the HUD-approved Mississippi Action Plan, as amended. The Program will be directly administered by the state, and currently no subrecipients are identified. In addition to the AAN, funds are subject to the requirements of the Universal Notice (Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice, published on January 8, 2025, at 90 FR 1754, as amended..

2 Program Overview

For purposes of these Guidelines, the "Landlord-Applicant" is the person or eligible legal entity that owns the assisted rental property and receives the award. A "Tenant Household" is the household occupying or seeking to occupy an assisted unit and is the beneficiary used to document the LMI housing national objective.

The ARHP provides housing assistance to eligible Landlord-Applicants to rehabilitate or reconstruct properties for the establishment of affordable rental housing in areas impacted by the 2023/2024 disaster events listed below (qualifying disasters).

Date of Disaster	Location of Disaster	FEMA Disaster Identifier
03/24/2023 - 03/25/2023	Monroe County (Amory 38821), Sharkey County, Humphreys County (Silver City 39166)	4697
06/14/2023 - 06/19/2023	Jackson County (Moss Point 39563)	4727
04/08/2024 - 04/11/2024	Hinds County, Humphreys County (Belzoni 39038 and Silver City 39166), and Scott County	4790

Table 1: Dates and Locations of Qualifying Disasters

Eligible property types may include single-family detached stick-built homes, manufactured housing units (MHUs), modular homes, and other types of detached single-family residences. This program is not designed to assist multi-family housing units or attached single-family rental units, including townhomes, duplexes, triplexes, condominiums, or apartments. Eligible MHUs and modular units exceeding the rehabilitation threshold will be replaced with permanent, detached, stick-built housing units. All reconstruction activities and replacement of MHUs and modular units will be eligible for funding for a similarly sized housing unit with the same number of bedrooms and bathrooms that meets applicable federal, state, and local building codes.

Landlord-Applicants who meet all Program eligibility, underwriting, environmental, relocation, duplication-of-benefits, and other requirements may receive an award to rehabilitate or reconstruct an eligible rental property. Program funds will be reimbursed to the eligible Landlord-Applicant for approved, incurred, documented, and paid construction costs, subject to the award formula, owner contribution, inspection, and payment controls.

2.1 Purpose and Objective

The primary objective of the program is to both rehabilitate and preserve affordable rental housing in areas affected by disasters through the rehabilitation and reconstruction of rental housing units. It is designed to address the affordable housing needs of extremely low, very low, low- and moderate-income households, including individuals who have become homeless due to the qualified disasters. Additionally, it will address disaster-related damage and make necessary improvements to ensure properties meet HUD Housing Quality Standards (HQS), as needed, while also mitigating potential future harm.

2.2 National Objective

All ARHP-assisted units shall meet the low- and moderate-income housing national objective at 24 CFR 570.483(b)(3). Each assisted unit must be occupied by a Tenant Household whose annual income does not exceed 80 percent of the applicable Area Median Income, adjusted for household size, using the Program-approved income methodology and the HUD income limits effective on the certification date. Before initial occupancy and annually during the affordability period, the Program shall maintain unit-level documentation of household composition and income, the executed lease and Program lease addendum, contract rent, the applicable utility allowance and gross-rent test, occupancy, and any corrective action. No unit may be approved for lease-up until MDA-CID or its designee has approved the initial tenant qualification and rent calculation. More details regarding the affordability period can be found in section 12.5 below.

2.3 Award Caps

Grant funds will be used to reimburse eligible Landlord-Applicants for rehabilitation and reconstruction costs. The reimbursement amount will be based on a sliding scale capped at 70% of total project costs illustrated in section 9. No individual Landlord-Applicant may receive a program award for more than three (3) units.

The maximum Program award for any one structure is $120,000 for reconstruction and $65,000 for rehabilitation, subject to the approved reimbursement percentage, verified unmet need, and cost reasonableness. MDA-CID may approve a case-by-case exception only when determined necessary and reasonable—such as legally required accessibility, environmental mitigation, code, resilience, site, or historic-preservation costs—cannot be completed within the ordinary cap. Each exception must identify the factual basis, applicable authority, cost-reasonableness analysis, amount, approving official, and any conditions, and must be recorded in the Program exception log. An exception may not waive a binding eligibility, national-objective, environmental, civil-rights, relocation, DOB, or other non-waivable requirement.

- Detached Stick-built Properties:
    - Rehabilitation Award – Detached stick-built properties qualify for a rehabilitation award if the estimated cost to rehabilitate is less than 60% of the pre-storm value of the structure, or $65,000, whichever is less.
    - Reconstruction Award – Detached stick-built properties qualify for a reconstruction award if the estimated cost to rehabilitate is greater than or equal to 60% of the pre-storm value of the structure or $65,000, whichever is less.
- Manufactured Home Units (MHU)
    - Rehabilitation Award - MHUs qualify for a rehabilitation award if the estimated cost to rehabilitate is less than $15,000 and the unit is fewer than five (5) years old.
    - Reconstruction Award - MHUs qualify for a reconstruction award if the estimated cost to rehabilitate the unit is greater than or equal to $15,000 or the unit is greater than five (5) years old.

2.4 Outreach and Engagement Activities

MDA-CID is committed to ensuring that ARHP is implemented in a transparent, efficient, and consistent manner, and that all potentially eligible landlords are aware of and understand the opportunity to participate in the Program. The Program's marketing and outreach strategy is designed to reach owners of rental properties in the MID area from the onset of the Program throughout the application period and Program lifecycle.

MDA-CID will implement outreach and engagement activities to promote awareness of CDBG-DR Programs and to ensure that all eligible landlords, are informed of Program opportunities and how to access assistance. MDA-CID will use official communication channels including printed materials, electronic mail, Program website updates, community meetings, press releases, and social media channels to provide timely, accessible updates regarding key Program milestones, including the opening of the ARHP Program applications and the scheduling of public hearings related to the Program.

Social media will serve as a real-time communication tool to:

- Notify potential applicants when the intake period for the Program is open.
- Announce dates, times, and locations (physical or virtual) of public hearings on proposed plans, amendments, or CDBG-DR-funded projects.
- Share links to online applications, Action Plan documents, comment forms, and other Program information.
- Remind residents of upcoming deadlines for application submission or public comment periods.
- Primary platforms to be used may include:
    - **Facebook**: Public announcements, event invitations, and shareable graphics

- **Instagram**: Visual promotion of Program milestones, community engagement events, and success stories
- **YouTube or Vimeo** (if applicable): Hosting recordings of public hearings and outreach videos
- **X:** Public announcements, event invitations, shareable graphics, community engagement events, Promotion of program deadlines

3 Intake Application

Landlord-applicants who are interested in assistance may apply for the Program online at www.mshousingrecovery.com. If assistance is needed, applicants may call (866) 981-7727 to be connected with a Case Manager. Case Managers are available Monday through Friday, 8 a.m. to 5 p.m.[1] Any updates to the hours of operations will be published on www.mshousingrecovery.com.

Applicants will be required to complete an intake application and provide supporting documents required for eligibility review and duplication of benefits review. All documentation submitted by the applicant must be valid at the time of submission. The application process will require each applicant to authorize the Program to obtain third-party data by signing a consent/release form.

Each applicant will be assigned a dedicated Case Manager. Each Case Manager has a direct email and phone line at which he/she can be reached. Applicants are provided with direct contact information for the Case Manager assigned to the application. Alternatively, the applicant may contact a Program representative by using the general contact information outlined below.

Multiple standard methods of communication will be provided to ensure applicants receive timely, accurate information regarding their application status and the Program. Applicants may check the status of their application via their assigned Case Manager, the online application portal, or by using one of the below methods of communication. Methods of communication with the Program include, but are not limited to:

- Email: **info@mshousingrecovery.com**
- Telephone: 866-981-7727
- Mail correspondence:

  Mississippi Development Authority
  ATTN: Community Incentives Division – Disaster Recovery
  Post Office Box 849
  Jackson, Mississippi 39205

MDA-CID will ensure that all applicants have meaningful access to the intake and application process consistent with Title VI of the Civil Rights Act of 1964. Applicants who require assistance due to language, disability, or other access barriers may request reasonable accommodations and the

[1] These hours are only applicable during intake period. Please see website for updates. Please note that State-recognized holidays may impact these hours.

Program will work with them to ensure their ability to participate fully in the application process. Due to funding limitations and other factors, ARHP cannot guarantee assistance to all interested Landlord-Applicants[2]. MDA-CID may adjust the intake period at its discretion to accommodate Program needs.

3.1 Landlord-Applicant Identification and Proof of Citizenship/Immigration Status

For purposes of ARHP, landlord-applicants may consist of individuals, trustees, nonprofit organizations, or business interests that own eligible rental properties. Any individuals or signatory officers associated will be required to submit a valid, unexpired photo identification. Forms of identification accepted by ARHP include:

- Government Issued Photo Identification (Federal or State issued)
- Driver's License
- Passport
- Military ID Card
- Certificate of Naturalization or
- Permanent Resident Card

For each business interest and non-profit organization, the following additional documentation will be required:

- Formation documents, certificate of formation, or equivalent organizational documents Ownership/Principal Disclosure Form
- A Certificate of Good Standing issued by the State of Mississippi (for corporations, LLCs, and limited partnerships only)

Because this assistance is funded with federal disaster recovery funds, federal law requires us to verify that each benefit recipient is a U.S. citizen, U.S. national, or a qualified non-citizen. All individual and trustee applicants must meet the eligibility and verification requirements under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), as amended (8 U.S.C. §§ 1601–1646), and as required by the Universal Notice. Assistance is limited to U.S. citizens and qualified aliens as defined in 8 U.S.C. § 1641. Applicants must comply with the final approved PRWORA/SAVE verification procedures and provide the information legally required for verification.

For U.S. citizens and U.S. nationals, the following documentation will be acceptable and does not require additional verification:

- A U.S. Passport (valid or expired),
- U.S. Passport Card (valid or expired)
- Certificate of Naturalization (N-550, N-570)
- Certificate of U.S. Citizenship (N-560, N-561)

[2] ARHP will serve as many applicants as possible with the allotted budget.

- U.S. Birth Certificate
- Consular Report of Birth Abroad (FS-240, DS-1350, or FS-545)
- U.S. Military records showing U.S. birthplace

For each person who is not a U.S. citizen/national, the following documentation will be acceptable:

- Permanent Resident Card (I-551)
- Employment Authorization Document (I-766)
- Arrival/Departure Record (I-94)
- Refugee Travel Document
- Asylum Approval Letter
- I-797 Notice of Action
- Foreign Passport with Visa

Immigration documents must be verified through the Systematic Alien Verification for Entitlements (SAVE) system or another DHS-approved verification method.

3.1.1 Applicant Designees

Applicants may choose to designate other individuals to act on their behalf or to receive information about the application from ARHP. Applicants may designate a Co-Applicant or Designated Representative, or any combination thereof, at the sole discretion of the applicant. The requirements for and powers of each designated representative type vary and are outlined below.

- **Co-Applicant:** A Co-Applicant must be an adult, and co-owner of the property. Co-Applicants will have the same authority over the application as the Applicant. If a Co-Applicant is designated by the Applicant, Co-Applicants must sign all Program documents with the Applicant. Applicants with joint ownership of a property must submit a Co-Owner Consent form, signed by all co-owners, which gives each co-owner's consent for ARHP activities affecting the damaged property up to demolishing and reconstructing the property, if the applicant qualifies to receive assistance. However, Applicants are not required to designate a Co-Applicant, regardless of whether or not the damaged property is owned jointly.

- **Designated Representative**: A designated representative may be any adult person the applicant wishes to designate as an authorized person to receive information about the Applicant's application. ARHP shall be authorized to share information with the designated representative, but the designated representative is not authorized to make any decisions regarding the application or affect the application on the applicant's behalf.

Any of the aforementioned persons, if duly appointed by the applicant, may serve as the applicant's representative in attendance of Program inspections, should the applicant be unable or unwilling to attend. However, only a Power of Attorney duly authorized to do so may sign documents, make agreements or decisions, or otherwise act unilaterally on behalf of an applicant.

3.2 Required Applicant and Co-applicant Certifications

As part of the application process, each applicant must sign an Acknowledgements and Consent statement. The Acknowledgements and Consent statement includes the following acknowledgements and authorizations. The table below outlines the required certifications and a description of the content of the certification.

Certification	General Description
Release of Information	Authorization from the applicant to share and receive personal information from third parties in connection with ARHP and for purposes of progressing his/her case through
Certification of Truthfulness	Applicant affirmation that all information provided in the application is accurate
Subrogation Agreement	Applicant affirmation that any funds received for the same purpose as funds provided under provision of assistance through must be returned to the Program
Construction Stop Work	Applicant agreement to stop all construction work at the damaged property and take no choice limiting actions after date of Program application.
Conflict of Interest Disclosure	Applicant's report of relationship with any public servant, employee, agent, consultant, officer, or elected official or appointed official of MDA-CID, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-DR Program (collectively, "Public Servant") and the nature of said relationship. Applicants who do not have a relationship with Public Servants must report that no such relationship exists.
No Insurance Certification (as applicable)	Attestation that the storm-impacted property was not insured at the time of the disaster.
Media Release	Applicant's consent to allow or decline the use of photos, video, testimonials, or other media content related to the reconstruction of their home for Program marketing purposes.
Designated Representative	Authorization from the applicant for an alternate contact to receive information from the Program team regarding the application.

Table 2: Applicant Certifications Collected at Intake

3.3 Program Priorities

Applications to ARHP will be reviewed on a first-come, first-served basis. To maximize the impact of available funding and address critical rental housing recovery needs across Mississippi, ARHP applications will be processed according to the following priority tiers:

1. Tier 1:

Applications located within the verified National Weather Service (NWS) storm track corridors of the March 2023, June 2023, and April 2024 disaster events and landlord-applicants with prior property management experience.

2. Tier 2:
   Applications located within the verified National Weather Service (NWS) storm track corridors of the March 2023, June 2023, and April 2024 disaster events and landlord-applicants with no prior property management experience.
3. Tier 3:
   Applications from census tracts or communities identified by HUD as Most Impacted and Distressed (MID) but located outside of the direct NWS storm path and landlord-applicants with prior property management experience.
4. Tier 4:
   Applications from census tracts or communities identified by HUD as Most Impacted and Distressed (MID) but located outside of the direct NWS storm path and landlord-applicants with no prior property management experience.

4 Eligibility Requirements

Each applicant will be screened for eligibility to ensure compliance with ARHP requirements. Applicants will be required to provide complete and accurate information regarding all eligibility criteria. Failure to disclose accurate and complete information (including failure to provide necessary documentation) may result in the applicant being deemed ineligible for assistance.

In addition to these program-specific requirements, applicants and participants are subject to Federal statutes regarding false claims and statements.

Warning: *Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.*

If an Applicant is found to have submitted inaccurate, incomplete and/or fraudulent information in order to appear eligible for ARHP, then they may be required to make full restitution to the State of Mississippi, including administrative fees, construction costs, and other costs. This includes but is not limited to acceptance of benefits, property ownership, and bankruptcy filings status.[3]

Below are the threshold requirements to be eligible for assistance. Threshold requirements are those that will either allow an applicant to continue to move forward in the Program or result in disqualification. Please note that being deemed eligible does not guarantee that assistance will be provided, as ARHP is subject to limited funding.

Applicants applying for assistance must meet all of the following criteria:

- Not be in bankruptcy or active foreclosure;

[3] Please see 12.6 Recapture for further explanation of potential financial consequences.

- Pass a financial and property management review;
- Have property taxes and mortgage (if applicable) current or on a payment plan in good standing;
- Have evidence of required match funding amount secured and available for the eligible program use;
- Own the property at the time of application;
- The property must be located within one of the HUD-MID areas;
- The property must have unrepaired damage as a result of the applicable disaster event as verified through inspection reports, FEMA data, or other acceptable damage assessment documentation, or be in a condition of disrepair that does not meet HUD Housing Quality Standards (HQS);
- The property must be an eligible structure type as defined in section 4.4 below;
- Be a Landlord-Applicant that does not own more than ten (10) housing units, not including their homestead; and
- Agree to a minimum five (5) year affordability period that complies with HUD income limits for low- and moderate income (LMI) households, forgivable at 20% per annum.
- A Landlord-Applicant may not evict, terminate, refuse to renew, intimidate, coerce, or otherwise cause a tenant to vacate for the purpose of qualifying for or participating in ARHP.
- The property must be in good standing with federal flood insurance requirements, if applicable.

Eligibility Criterion	Document(s) Required

Must own the property at the time of application.	One (1) of the following:
	• Deed (Warranty or quitclaim)
	• Mortgage statement
	• Probated will
	• Court order or judgement granting ownership of the property
	• Other documents may be considered on a case-by-case basis
	• **Manufactured Homes Only**:
	  ○ Title
	  ○ Bill of Sale showing applicant's name as owner and purchase date prior to the Qualifying Disaster
	  ○ MHU Registration with purchase date prior to the Qualifying Disaster
	  ○ Warranty Deed identifying the MHU

Property is located in a HUD-MID Area	Verified by the Program using storm-damaged property address and GIS mapping if needed
Property either has unrepaired damage as a result of the qualifying disaster, or be in a condition of disrepair that does	Verified by the Program via a Damage Assessment;

Eligibility Criterion	Document(s) Required
not meet HUD Housing Quality Standards (HQS);	OR If it is impossible to verify storm damage via a Program damage assessment, such as in cases where the storm damaged property has been demolished, the applicant may be required to provide proof of storm damage, which may include: • FEMA IA award letter for damaged property address for damages caused by Qualifying Disaster; • SBA Disaster Home Loan award letter for damaged property address for damages caused by Qualifying Disaster • Insurance claim noting damages at the damaged property address caused by Qualifying Disaster • Date-stamped, color photos of storm damage at the damaged property address; or • Other documents may be considered on a case-by-case basis
The property must be an eligible structure type (Stick Built Home Structure, Manufactured Home Unit, Modular Home)	Verified by the Program via a Damage Assessment; OR If it is impossible to verify structure type via a Program damage assessment, such as in cases where the storm damaged property has been demolished, the applicant may be required to provide proof of storm damage, which may include: • Pre-storm information on structure type from the property appraiser's office; • Date-stamped, color photos of the damaged property address; or • Other document considered on a case-by-case basis
Property Taxes Current	• Proof from the tax assessor of property taxes paid in full at the time of application; or • Proof of a payment plan in good standing at the time of application
If there is a mortgage on the property, the mortgage is in good standing	Most recent mortgage statement, at time of application, showing no arrearages

Eligibility Criterion	Document(s) Required
Evidence of match funding	Provide evidence of required match funding amount secured and available for the eligible program use such as award letters, loan/financing terms, proof of cash reserves, etc.
Property Management Experience, if any	• List of rental units currently owned • Experience with construction or rehabilitation of affordable rental property • Experience managing rental properties • Sample lease agreement
If applicable, applicant must provide proof of federal flood insurance coverage	• Federal Flood insurance policy

Table 3: Accepted method(s) of verification of eligibility criteria for Applicants

4.1 Ownership

The Applicant must be the record owner of the property at application and must retain sufficient legal control through construction and the affordability period. ARHP will verify the deed or title, legal description, ownership interests, liens and encumbrances, mortgage status, lender consent or subordination requirements, taxes, authority to rehabilitate or reconstruct, authority to execute the grant and construction agreements, and authority to record and enforce the affordability covenant. Entity applicants must provide formation and good-standing documents, beneficial-ownership and related-party disclosures, evidence of an authorized signatory authority, and disclosure of all rental homes under ownership. Nonstandard ownership or title conditions require documented legal review.

4.1.1 MHU Ownership

Applicants applying for assistance for a manufactured home unit (MHU) must establish ownership of the MHU and land at the time of application.

4.1.1.1 Documents Required

Proof of MHU ownership can be established with the following documents:

- Property Title;
- Bill of Sale showing applicant name as owner and date of sale;
- Title from the county land records showing manufactured home ownership; or
- State issued certificate showing the name of the applicant as owner.

ARHP may consider alternative forms of MHU ownership on a case-by-case basis.

4.1.2 Stick-Built Properties Ownership

Applicants applying for assistance for a stick-built home must establish ownership of the property as of the date of application.

4.1.2.1 Documents Required

Proof of ownership can be established with the following documents:

- Deed (Warranty or Quitclaim);
- Mortgage statement;
- Probated will;
- Court order or judgment granting ownership of the property; or
- Other documents may be considered on a case-by-case basis

4.1.3 Trust

Property held in trust for the benefit of natural persons can be eligible for ARHP assistance as long as at least one of the landlords at the time of the Qualifying Disaster was a current beneficiary of the trust. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, the beneficiaries with an interest in the damaged property must sign the closing documents along with the Trustee.

The following is required to confirm eligibility:

- The applicant(s) must provide a copy of the trust document; and.
- The trust document or an abstract or extract of the trust must be recorded in the conveyance records of the county in which the damaged property is located. This recordation in the conveyance records of the county in which the damaged property is located may be recorded post-storm(s) if necessary.

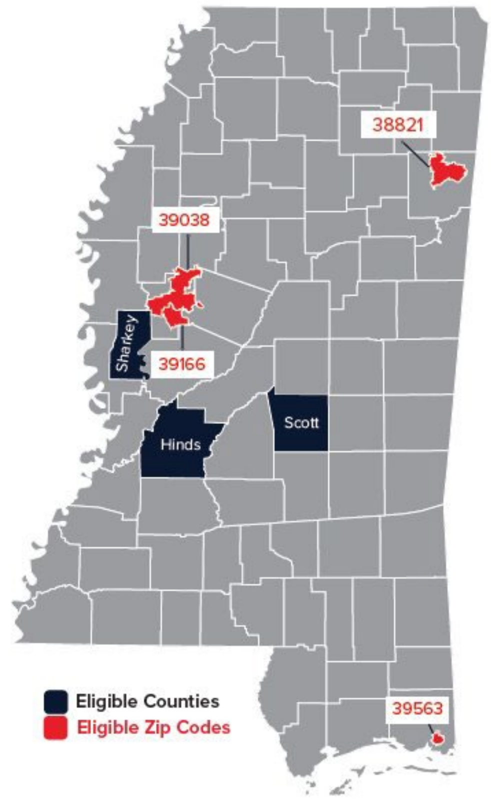
4.2 Property Must be Located in Eligible County/Zip Code

To be eligible, a property must be located in a HUD-MID county/zip code. Currently, there are no State-identified MID areas. The Program will verify the property location using the property address and GIS coordinates/mapping if needed.

Eligible counties/zip codes are shown in the table below.

County	HUD or State MID
Hinds	HUD MID
Scott	HUD MID
Sharkey	HUD MID
Humphreys County (Zip Code 39038)	HUD MID
Humphreys County (Zip Code 39166)	HUD MID
Jackson County (Zip Code 39563)	HUD MID
Monroe County (Zip Code 38821)	HUD MID

Table 4: HUD and State Designated Most Impacted and Distressed (MID) Counties



4.3 Property Requirements

To be eligible for assistance, the subject property must have unrepaired damage resulting from a Qualifying Disaster or be in a condition of disrepair that does not meet HUD Housing Quality Standards (HQS). The Program will attempt to verify storm damage and housing quality via a property damage assessment. In the event a damage assessment cannot demonstrate storm damage, such as in cases where the damaged structure is demolished at the time of inspection, the applicant is required to submit documentation to demonstrate the property sustained damage as a result of the Qualifying Disaster.

4.4 Eligible Structure Type

To be eligible for assistance, the property must be an eligible structure type. Eligible structure types include:

- Single-family stick-built/traditional homes
- Manufactured Home Units (MHU)
- Modular Homes

4.4.1 Ineligible Structures

The following structure types are ineligible for assistance:

- Multi-unit structures, duplexes, townhomes, and condominiums

- Unless they are required by community covenants, garages, sheds, and outbuildings not attached to the main dwelling unit are not eligible for rehabilitation but may be eligible for demolition only, as part of an eligible project, if deemed a safety hazard or in the path of the proposed construction activities. Garages, sheds, and outbuildings will not be addressed as stand-alone activities;
- Recreational Vehicles and camper trailers used as a residence are not eligible for the Program;
- Houseboats used as a residence are not eligible for the Program;
- Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within a Coastal Barrier Resources System unit;
- Properties with delinquent mortgages, delinquent real property taxes, or properties that are subject to bankruptcy proceedings or in foreclosure;
- Properties located on sites with extraordinary site conditions that are determined to be not feasible for demolition and reconstruction. Extraordinary site conditions may include but are not limited to properties with environmental concerns, properties where local building codes prohibit Program scopes of work, or properties located in a floodway;
- Occupied properties.

4.5 Property Taxes Current

All applicant(s) must be current on their property taxes, or current on a locally approved payment plan through the local taxing authority. ARHP will have the applicant provide documentation from the local Property Appraiser's Office or may obtain such information electronically from a local tax collector's office.

Properties with delinquent real property taxes are ineligible.

4.6 Mortgage in Good Standing

If the subject property has a mortgage, the mortgage must be in good standing, with no arrearages. Applicants who have a mortgage on the subject property must submit proof of a mortgage in good standing at the time of application. Applicants who have previously fallen into arrears on a mortgage may be eligible, if the applicant can demonstrate the mortgage is currently in good standing or that a payment plan has been agreed to by the lender and the payment plan is in good standing.

Properties with delinquent mortgages, or properties that are subject to bankruptcy proceedings or in foreclosure are ineligible.

4.7 Use of Property

The assisted property must be used for long-term residential rental and may not be used for vacation, transient, or seasonal rental during the affordability period. A deed restriction, land use covenant, or similar legally binding instrument will be required and recorded on the property to ensure long-term compliance with program requirements, including rent and occupancy restrictions. The Program will monitor the marketing of the rental unit for compliance with applicable federal Fair Housing standards. Annual rent rolls and tenant income documentation will be required for the full affordability period to verify that the property has been rented to Low- to Moderate-Income (LMI) households and that rent rates remain in compliance with HUD requirements and Program policies and procedures.

4.8 Vacancy Requirements

Rental property owners applying for assistance under ARHP may apply for program assistance for vacant units only. Units must remain vacant until completion of construction activities. Applicants may not and must not evict tenants for the purpose of applying for program assistance. Any property owner found to have improperly displaced a tenant including through eviction, intimidation, or coercion will be deemed ineligible for Program assistance. Such actions may also be subject to penalties under applicable federal regulations, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), the Fair Housing Act, and Section 104(d) of the Housing and Community Development Act of 1974.

5 Conflict of Interest

A conflict of interest is a situation in which any person who is a public servant, employee, agent, consultant, officer, or elected official or appointed official of MDA-CID, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-DR Program (collectively, "Public Servant") may obtain a financial or personal interest or benefit that is or could be reasonably incompatible with the public interest, either for themselves or a member of their family during their tenure.

For purposes of this section, "family" is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 2 CFR § 200.112, 24 CFR §570.611 and 24 C.F.R. §570.489(h).

No public servant shall intervene, either directly or indirectly, in any matter in which they have a conflict of interest that may result in their benefit. No public servant shall intervene, directly or indirectly, in any matter in which any member of their family unit, relative, partner or housemate has a conflict of interest that may result in benefit for any of the abovementioned.

The above conflict of interest statement does not necessarily preclude MDA-CID or Program officials, their employees, agents and/or designees, or family members from receiving assistance from the Program. On a case-by-case basis, MDA-CID or Program officials, their employees, agents and/or designees, or family members may still be eligible to apply and to receive assistance from the Program if the applicant meets all Program eligibility criteria as stated in these guidelines and it is determined that a conflict of interest does not exist.

Applicants must disclose their relationship with any public servant(s) at the time of their application, if applicable. Any relationship reported between an applicant and public servant will be evaluated to determine if said relationship constitutes a conflict of interest as outlined in HUD conflict of interest regulations, at 24 C.F.R. §570.611 and 24 C.F.R. §85.36, as well as applicable Mississippi conflict of interest and ethics rules at Miss. Code § 25-4-101, et seq. If it is determined that the relationship between the applicant and the public servant(s) constitutes a conflict of interest, the applicant may not receive benefit under ARHP.

6 Duplication of Benefits

Eligible applicants may have previously received assistance from other sources for the repair of their storm-damaged property. The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. §5121 et seq., prohibits any person, business concern, or other entity from receiving federal funds for any part of such loss as to which he/she has received financial assistance under any other Program, from private insurance, charitable assistance, or any other source.

During the application process, the applicant (and co-applicant if applicable) must report any and all assistance received from other sources for the rehabilitation or reconstruction of their storm-damaged rental property. Previous funds received and reported by the applicant are verified during the duplication of benefits (DOB) review process. Not all previous assistance received constitutes a DOB.

To determine if a DOB exists, ARHP first considers the "total assistance" available to each applicant. Total assistance includes all reasonably identifiable financial assistance available to the applicant. Total assistance does not include personal assets such as money in a savings account or credit cards. After total assistance has been determined, non-duplicative assistance is deducted. Non-duplicative assistance is: (i) assistance provided for a different purpose than ARHP funds; or (ii) assistance provided for the same purpose as ARHP funds that was expended for a different eligible use.

DOB occurs when funds from multiple sources are provided for the same recovery purpose, and the total amount of assistance exceeds the verified need. If a DOB occurs, the applicant's ARHP award must be reduced by the amount of the DOB.

Available assistance and non-duplicative assistance are described in greater detail below.

6.1 Common Available Assistance

The following sources of funding are commonly provided for structural damage and loss and are considered available assistance to the applicant, if the applicant received funding from any of these sources.

- FEMA Individual Assistance for Structure (IA),
- FEMA National Flood Insurance Program (NFIP),
- Private Insurance,
- Increased Cost of Compliance (ICC),
- Small Business Administration (SBA)
- Any other funding source available to the landlord-applicant for the same purpose as a CDBG-DR grant that may duplicate assistance.

Funds received from any source including flood insurance, FEMA, and hazard insurance that were used to repair storm damage to the applicant's home prior to application may reduce the amount of available assistance considered if the evidence of expenditures at least equals the amount of assistance provided from the source. Documentation must be provided demonstrating the cost and type of repair conducted.

Any additional funds paid to applicant awardees for the same purpose as the ARHP assistance award after the state has completed the rehabilitation, or reconstruction of the landlord-applicant's housing units must be returned to the Program.

6.1.1 FEMA Individual Assistance (IA)

FEMA IA assistance may have been provided to applicants for home repairs. In cases where applicants have received assistance for home repairs, such amount will be considered duplicative by the Program. FEMA IA will be determined and verified by the Program though FEMA provided datasets or through applicant-provided information originating at FEMA such as a FEMA Award letter. If evidence is provided that the FEMA award included assistance for items not related to structure repair, then the amounts not related to structural repair will not be counted as a DOB. If ARHP is unable to verify the FEMA IA amount through the FEMA database, The payment amount provided by the landlord-applicant at the time of application will be used.

If a landlord-applicant provides documentation demonstrating that the FEMA IA amount provided by the FEMA database includes non-structural related amounts, ARHP may use the documentation provided by the landlord-applicant to adjust the FEMA IA payout amount.

6.1.2 FEMA National Flood Insurance Program (NFIP)

Any payments for loss to the dwelling due to the qualifying disaster under NFIP insurance policies may be considered available assistance. Payments for contents or other expenses are not considered available assistance, as this is funding provided for a different purpose than funds provided by ARHP. NFIP claim information will be verified by using third party data provided by NFIP. If an applicant is able to provide documentation demonstrating that the insurance proceeds amount provided by the NFIP database includes items not related to the structural loss, ARHP may consider the documentation provided by the landlord-applicant to adjust the insurance payout within the DOB calculation. The documentation provided by the landlord-applicant must come from the insurance company which issued the payments, and it will be included in the landlord-applicant's file.

6.1.3 Increased Cost of Compliance (ICC)

Structures damaged by a flood may be required to meet certain building requirements to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the NFIP includes Increased Cost of Compliance (ICC) coverage for all new and renewed Standard Flood Insurance Policies. ICC is considered available assistance if a Landlord-Applicant requests reimbursement or additional assistance for elevation, demolition, floodproofing, or relocation— one of the four options available under ICC—and has already received an ICC benefit under the NFIP. The Program will determine DOB regarding ICC funds for elevation and/or demolition activities. If ARHP is unable to determine the amount/or purpose of the ICC proceeds using documentation provided by the landlord-applicant, the Program will seek additional information from other reliable sources including other government Programs, including direct information from NFIP.

6.1.4 Private Insurance

All property, flood, casualty, or other insurance settlement amounts for loss to dwellings are considered available assistance. All private insurance settlement amounts for loss to dwellings are considered available assistance for purposes of calculating DOB.

Insurance proceeds are determined and verified by ARHP by contacting the insurance company directly. If ARHP is unable to verify the private insurance proceeds through the insurance company, the claims payout amount provided by the Landlord-Applicant will be used.

As set forth in the Universal Notice, *"applicants for CDBG–DR assistance are expected to seek insurance or other assistance to which they are legally entitled under existing policies and contracts."* Therefore, applicants seeking funds under ARHP were/are expected to file a claim with private insurance if the damaged property was insured at the time of the storm. As such, the Program will reach out to the applicant to collect insurance claim information from the applicant if:

- The applicant reported having insurance, but reported that he/she did not file a claim for disaster recovery assistance; or
- The applicant reported having a mortgage on the property but reported he/she did not have insurance at the time of the storm.

If an applicant who had insurance or a mortgage (which indicates the property is insured) did not file a claim for the qualifying storm(s), the applicant will have 30 days to file a claim and provide evidence of the insurance company's response regarding the claim. If the insurer approves the claim, the amount of funding approved by the insurance company will be considered in accordance with section 6 of the ARHP Program Guidelines. If the insurer indicates that the deadline to file a claim for the qualifying storm(s) has passed or that the applicant's claim is otherwise denied, ARHP may serve the applicant, as the funds are no longer available to the applicant.

6.1.5 Small Business Administration (SBA)

Federal regulations deem approved SBA loans for rehabilitation and reconstruction to be available assistance for federally funded repair Programs. If an applicant has executed a loan with SBA to cover the cost of repairs or reconstruction, the total amount of the approved loan is considered available assistance. For CDBG-DR funds allocated for the Qualifying Disasters, however, the Universal Notice provides that declined or cancelled loans do not constitute a duplication of benefits. The Program will collect SBA information provided by the Applicant through the application process. In addition, the Program may obtain a data feed from SBA to verify all approved amounts for SBA loans. The Program will collect specific information from SBA that breaks out the approved SBA loan amounts into the different assistance categories (e.g., real property, personal property, vehicles, etc.).

6.1.5.1 Declined SBA Loans

Declined loans are loan amounts offered by a lender but turned down by the applicant, meaning the applicant never signed loan documents to receive loan disbursements. ARHP will attempt to verify declined loan amounts using third-party data from SBA. Declined loans must be documented through the SBA data feed in conjunction with written communication from the lender (SBA), for declined loans to be considered funding not available to the applicant.

6.1.5.2 Accepted but Undisbursed SBA Loan Amounts

Accepted but Undisbursed SBA loans occur when the applicant (borrower) has entered a loan agreement, but all or a portion of the loan amount was not disbursed and is no longer available to the applicant. The loan cancellation may be due to the default of the borrower, agreement by both parties to cancel the undisbursed portion of the loan, expiration of the term for which the loan was available for disbursement, or other reasons. The cancelled loan amount is the amount that is no longer available to the applicant.

If an applicant cancels all or a portion of an SBA loan related to the repair of the dwelling, only the accepted loan amount will be considered a DOB. Cancelled subsidized loan amounts are not considered funds available to the applicant but are subject to further requirements below. Applicants may not take action to reinstate the canceled loan or draw any additional undisbursed loan amounts.

- Cancelled loans that were never drawn must be documented through the SBA data feed demonstrating the $0 draw in conjunction with written communication from the lender (SBA).
- Cancelled loans that had a portion of the loan drawn, but the remainder cancelled must be verified in the SBA data feed in conjunction with written communication from the lender (SBA). The accepted current loan amount will be considered a DOB.

6.1.6 Other Sources

Funding received for the same purpose of a Program award, such as funding provided by a non-profit entity or the US Army Corps of Engineers (USACE) to assist applicants with rebuilding their property must be reported by the applicant through the application process and must be accounted for and verified by the Program. In addition, the support documentation related to other duplicative funding sources must be provided by the applicant, verified by the Program, and applied as a duplication of benefits by the Program.

6.2 Assistance Not Considered Duplicative

Not all assistance received by an applicant is considered duplicative of assistance provided under ARHP for housing rehabilitation or reconstruction. Previous assistance received that is considered non-duplicative will not be considered a duplication of benefit.

The Program will allow for reductions of duplication of benefit totals if the applicant can prove that the use or control of the funds meet certain criteria. In accordance with the Universal Notice, ARHP may exclude from duplication of benefits assistance that was: (1) provided for a different purpose; or (2) provided for the same purpose, but for a different, allowable use. Each of these categories is further described below.

6.2.1 Funds for a Different Purpose

Any assistance provided for a different purpose than the CDBG-DR eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”), and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB. For example, per the Universal Notice, grantees may exclude, as non-duplicative, insurance proceeds provided for a different purpose (e.g., insurance proceeds for loss of contents and personal property, or insurance proceeds for loss of buildings (such as a detached garage) that the grantee has determined it will not assist with CDBG–DR funds). However, a grantee may treat all insurance proceeds as duplicative assistance if it is impractical to identify the portion of insurance proceeds that are for a different purpose than the CDBG–DR assistance.

6.2.1.1 Funds Not Available to the Applicant

Funds that are not available to an applicant may also be excluded from the final award calculation. Funds are not available to the person or entity if the person does not have legal control of the funds when they are received and are used for a non-duplicative purpose.

For example, if a Landlord-Applicant's mortgage requires any insurance proceeds to be applied to reduce the lien balance, then the bank/mortgage holder (not the Landlord-Applicant) has legal control over those funds. Therefore, the Landlord-Applicant is legally obligated to use insurance proceeds for that purpose and does not have a choice in using them for any other purpose, such as to rehabilitate the home. Under these circumstances, insurance proceeds do not reduce assistance eligibility. Alternatively, if a disaster-affected Landlord-Applicant chooses to apply insurance proceeds to reduce an existing mortgage, or requests that the lender demand payment, insurance proceeds reduce the amount of disaster assistance eligibility. In addition, if a mortgage requires insurance proceeds to be used for repair of the property, those proceeds must be considered as assistance for that purpose. A Landlord-Applicant does not need to possess cash assistance to be considered as being in legal control over receiving benefits for a particular purpose.

6.2.2 Funds for the Same Purpose, but Different Eligible Use

Funds received for the same purpose as funds provided under ARHP, but that were used by the Applicant for a different allowable use may be excluded from the final award calculation. In some instances, funds provided for the same general purpose (e.g., rehabilitation of a home) as the CDBG-DR funds may have been used by the applicant for a different allowable use. In these circumstances, if the Applicant can document that the funds received were used for a different, but eligible, use, then the funds are not duplicative. During the damage assessment, the Program will conduct a Damage Repair Valuation (DRV), which quantifies a value assigned to repairs completed by the applicant prior to Program application[4]. Eligible, verified repairs outlined in the DRV will be used to offset duplication of benefits as funds for the same general purpose (home repair), but different eligible use.

The Applicant may also provide documentation, such as receipts or paid invoices, demonstrating that funding was spent on a different eligible use. The Program will review documentation submitted on a case-by-case basis.

6.3 Calculation of Duplication of Benefits

The Program will follow a duplication of benefits review framework that is in accordance with the Universal Notice Appendix C. This framework will be applied to all applicants. The framework requires that the Program: (1) assess the applicant's total need; (2) identify all assistance received or reasonably anticipated; (3) exclude non-duplicative amounts; (4) exclude funds provided for different purposes; (5) exclude funds for the same purpose but different allowable uses; (6) identify the final DOB amount (if any) and calculate the CDBG-DR award; and (7) reassess unmet need if additional assistance becomes available. Applicants must sign a subrogation agreement requiring repayment of duplicative assistance received after award. This procedure provides that before the award of assistance, the Program will use the best, most recent available data from FEMA, the Small Business

[4] The DRV is further described in the Damage Assessment section of this program guideline.

Administration (SBA), insurers, and any other sources of local, state, and Federal sources of funding to prevent a DOB.

An applicant can meet the requirements for Program eligibility but not qualify for an award. If the previous benefits received by the applicant is greater than the estimated cost to complete the rehabilitation or reconstruction project, the applicant will be deemed not eligible for assistance.

6.4 Subrogation

Applicants must report any additional funds received for the same purpose as funds provided by ARHP and return such funds to the Program. CDBG-DR funding must be funding of last resort. If additional funds are paid to applicant awardees for repair or reconstruction of the damaged structure after ARHP has completed rehabilitation or reconstruction of the damaged structure, those funds constitute a duplication of benefit and therefore must be returned to the Program. Applicant awardees will be required to sign a Subrogation Agreement as part of their grant agreement with the Program.

7 Damage Assessment

As stated in Allocation Announcement Notice, CDBG-DR funds are intended to address unmet housing needs resulting from the qualifying disaster. In addition to documenting unrepaired disaster-related damage, the damage assessment will confirm the property is an eligible structure type and identify conditions of disrepair that do not meet HUD Housing Quality Standards (HQS) (decent, safe, and sanitary). Structures built before 1978 must be inspected for lead-based paint (LBP) hazards. Where such hazards are detected, the landlord-applicant(s) will be notified, and appropriate steps will be taken to mitigate dangers from LBP.

Information collected during the damage assessment is used for the following key Program determinations:

- **Eligibility** – To be eligible for assistance, a property must be an eligible structure type and must either (1) have remaining disaster-related damage **or** (2) be in a condition of disrepair that does not meet HUD Housing Quality Standards (HQS), as documented through the damage assessment. If it is discovered during damage assessment that the home does not have unrepaired storm damage and does not have HQS deficiencies or that the property is an ineligible structure type, the applicant will be deemed not eligible.
- **Award type** – the Estimated Cost of Repair (ECR) is compared against the pre-storm assessed value[5] of the structure to determine the award type. The ECR is also compared against the pre-storm value of the structure to determine whether the property is substantially damaged (SD) or would be substantially improved (SI) after receipt of Program assistance.
- **Duplication of Benefits** – During the damage assessment, the inspector creates a Damage Repair Valuation (DRV), which quantifies repairs made by the landlord-applicant (if

[5] Under ARHP, “assessed value” is defined as the property valuation determined by the local tax assessing authority for the most recent fiscal year.

applicable). DRV amount will be considered during DOB review and may be used to offset DOB for eligible repairs.

Program staff will conduct site visits to observe and record the presence of unrepaired storm damage resulting from the Qualifying Disaster, determine the extent of the damage, and determine the ECR. The Applicant or the Applicant’s designee should be present for these site visits. The inspector will inspect the interior and exterior of the home to observe and record damage and ensure the home is decent, safe, and sanitary. The inspector will complete an environmental questionnaire at the time of the damage assessment and will note any environmental concerns on the site or nearby that could affect the evaluation.

7.1 Valuation of Needed Repairs

The damage assessor will prepare an Estimated Cost of Repair, which provides a documented line-item by line-item estimate of the needed repairs observed during an onsite visit to rehabilitate the home to Program and HUD Housing Quality Standards. The noted repairs must include unrepaired storm damage but also may include items that do not satisfy current code, health and safety concerns, items that do not meet decent, safe, and sanitary standards or HUD Housing Quality Standards (HQS), and poor workmanship. The ECR quantifies the materials and labor necessary to repair observed damage and assigns a dollar value for each line item. Dollar values assigned to items quantified during the damage assessment will be based on Xactimate values for standard grade items and associated labor.

The ECR does not provide an evaluation that takes into account an exact replacement of the Applicant’s original home. In contrast to insurance estimates that may be based on replacement costs, the ECR evaluation is based on costs developed by the construction industry for those items, at standard builders’ grade prices. The methodology used to prepare the ECR is to account for those scope items that can be counted, measured, or observed. Damage assessments may not be conducted while a tenant is living in the home (properties must be unoccupied at the time of application). Damage assessors will not move or remove a household’s personal effects to observe, measure, or quantify damages. No destructive testing is performed during the estimation process. This means that hidden damage is not accounted for during this process. For example, termite damage behind a wall would not be discoverable during the estimation process if the wall covering is intact.

Essential appliances damaged by the qualifying disaster, including stove/range, oven, dishwasher, refrigerator, and water heaters are eligible to be replaced under ARHP and will be considered during damage assessment. Appliances and housing components that are not integral to the structure of the home and are not essential to basic health and safety, such as washers, dryers, microwaves, stand-alone freezers, and detached garages and carports are not eligible to be replaced under ARHP and will not be considered during damage assessment. Luxury items and items with a quality grade above basic standards, such as granite countertops, are not eligible to be replaced in a like-for-like manner and will not be valued as such. Standard builders' grade pricing will be applied to such items.

7.2 Valuation of Storm Damage Repaired prior to Application

During the damage assessment, the assessor will also review any repairs made by the applicant, prior to applying to the Program. The value assigned to repairs completed uses standard builders’ grade materials and construction industry standard pricing for those items. Luxury items and items repaired with a quality grade above basic standards, such as granite countertops, are not eligible to be replaced in a like-for-like manner and will not be valued as such. Standard builders grade pricing will be applied to such items.

The damage assessor will prepare a Damage Repair Valuation (DRV) to outline the value assigned to repairs completed by the applicant prior to Program application. Only completed repairs will be considered. Repairs completed by contractors will be valued including contractor labor and overhead/profit in addition to materials. Repairs completed by volunteers or charitable organizations will not be credited. The DRV may be considered during duplication of benefits review, to offset DOB if appropriate.

7.3 Lead Based Paint Risk Assessment

In accordance with 24 CFR Part 35, all properties with an initial award type determination of rehabilitation that were built prior to 1978 will be subject to a lead-based paint risk assessment. Lead hazard assessments are on-site investigations to determine the existence, nature, severity, and location of lead-based paint hazards accompanied by a report explaining the results and options for reducing lead-based paint hazards, see 40 C.F.R. § 745.227(d)(11) for report guidelines. All lead hazard assessments for the Program will be performed by Risk Assessors or Lead-Based Paint Inspectors certified by the U.S. Environmental Protection Agency (EPA).

If the unit to be assisted was built prior to 1978, and will be rehabilitated, the assisted unit will be tested for the presence of lead dust hazards. If present, the stabilization, encapsulation, or removal of lead-based paint will be considered in the cost of rehabilitation and included in the feasibility analysis for rehabilitation versus reconstruction. Projects that will be reconstructed will result in the demolition and removal of the structure, and therefore any potential lead hazards associated with the structure. As such, no lead-based paint testing will be conducted on reconstruction projects determined to be such at the time of the initial site inspection.

Federal asbestos regulations for testing and identification of asbestos apply to “facilities” as defined by those regulations. Single-Family housing does not meet this definition and is therefore exempt from the testing and identification requirements.

8 Environmental Review

Environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. Every project undertaken with Federal funds, and all activities associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. §4231 et seq., as well as to the HUD environmental review regulations at 24 C.F.R. § 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.

ARHP conducts an environmental review on every project, prior to issuing a Program award to ensure that the proposed activities do not negatively impact the surrounding environment and that the property itself will not have an adverse environmental or health effect on end users. Specifically, 24 C.F.R. § 58.22 limitations on activities pending clearance prohibits the commitment or expenditure of federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review. If any activity violates these restrictions, a stop work notice will be issued, halting all project activities until the environmental review is completed and compliance with HUD regulations is ensured. The compliance factors addressed in the environmental review include:

- Airport Hazards
- Coastal Barrier Resources Act/Coastal Barrier Improvement Act
- Flood Insurance
- Clean Air
- Coastal Zone Management
- Contamination and Toxic Substances
- Endangered Species
- Explosive and Flammable Hazards
- Farmland Protection
- Floodplain Management
- Historic Preservation
- Noise Abatement and Control
- Sole Source Aquifers
- Wetland Protection
- Wild & Scenic Rivers

Issues identified during the environmental review may be mitigated before or after the construction process, if feasible. Eligible environmental mitigation measures, such as lead-based paint or asbestos abatement may be paid for through ARHP. If a condition discovered during the environmental review cannot be cleared within Program award caps or schedule constraints, the property may be ineligible for assistance.

During the environmental review, the Program may determine that, due to extraordinary environmental conditions, the site is not feasible for rehabilitation, demolition, or reconstruction. In these cases, the property may be determined to be ineligible for assistance.

8.1 Tiered Environmental Review

A tiered approach to environmental compliance will be implemented for ARHP. A tiered approach is appropriate when evaluating a collection of projects that would fund the same or very similar activities repeatedly within a defined local geographic area and timeframe but where the specific sites and activities are not yet known. The tiered approach has two (2) parts: the broad environmental review (the Tier I), and the subsequent site-specific review (the Tier II).

A Tier I review will be completed prior to the launch of ARHP. This broad-level review will identify and evaluate environmental issues that can be addressed at the program level, even with limited project-specific details related to the rehabilitation or reconstruction of single-family homes throughout the HUD-MID areas. It will also establish the standards, constraints, and procedures that will guide all site-specific reviews. The Tier I review will define the covered activities, geographic area, time period, program-level determinations, excluded or constrained sites, consultation protocols, and every issue deferred to the Tier II site-specific review. Following this, a Tier II review will be conducted for each ARHP applicant after the award type is determined but before the award agreement is signed. The Tier II checklist will address all remaining 24 CFR 58.5 and 58.6 authorities, Part 55/FFRMS, historic preservation and tribal consultation, contamination and toxic substances, airport/noise/explosive hazards, endangered species, and other site conditions. Together, the broad-level and site-specific reviews will form a complete environmental review that meets all HUD requirements. No funds may be spent or committed for any specific site or activity until both the Tier I and Tier II reviews have been completed for that site.

After the initial environmental review is completed, a re-evaluation may be required if the project scope changes significantly. This includes substantial changes in the nature, magnitude, or extent of the project, such as adding new activities that were not anticipated in the original review. A re-evaluation is also necessary if new circumstances or conditions are discovered after the review that could affect the original environmental determinations. The purpose of the re-evaluation is to determine the appropriate next steps and confirm whether the original findings and agency consultations remain valid. Examples of substantial changes include, but are not limited to, a change in project type, unexpected ground disturbance outside the reviewed project area, or activities that require additional agency consultation and approval. Any revised environmental condition must be incorporated into the scope, contract, budget, inspection, and closeout record.

9 Award

Applicants who are deemed eligible, environmentally cleared, and with a $0 DOB gap will be notified that they are eligible to receive an award in writing, via an award letter. The award letter outlines what type of award the applicant is eligible to receive and the next steps the applicant must take to accept the award. After the award letter is sent, the Case Manager will schedule a Grant Agreement signing event with each eligible applicant.

Upon accepting the award type, the following documents will be signed by the applicant(s) at the time of contract signing and execution of the grant agreement:

- Landlord-Applicant Grant Agreement;
- Agreement to maintain flood insurance and notify future owners (if in 100-year floodplain);
- Landlord-Applicant Responsibilities Acknowledgment.
- Agree to a minimum five (5) year affordability period that complies with HUD income limits for LMI households, forgivable at 20% per annum; and
- Declaration of Covenants;
- Attest that Landlord-Applicant does not own more than ten (10) housing units, not including their homestead; and
- Any other documents applicable to the applicant and required by ARHP.

During the grant-agreement signing, the Case Manager will review the award calculation, owner contribution, construction and payment responsibilities, environmental and relocation conditions, contractor and contract requirements, fraud/conflict/DOB certifications, tenant and fair-housing obligations, affordability monitoring, default, recapture, transfer/refinance restrictions, and record-access duties.

The Applicant must execute the required grant and legal documents or submit a timely appeal within thirty (30) calendar days after the award notice, unless MDA-CID approves a documented good-cause or reasonable-accommodation extension. Failure to act may result in expiration of the funding reservation and administrative closure after written notice.

Every executed grant agreement is subject to the continuing availability of CDBG-DR funds and all ARHP policies and procedures.

If an applicant is deemed eligible and awarded, the award type is determined based primarily on the following factors:

- Structure type (MHU vs. Stick Built)
- Estimated Cost to Repair
- Structure age (if MHU)

9.1 Award Caps

The maximum award granted to rehabilitate any one structure is $65,000 and to reconstruct any one structure, $120,000. All costs associated with construction, elevation, reasonable accommodations, environmental mitigation/abatement, historic preservation, site specific costs, essential appliances, and code compliance/permitting are included in the award cap. MDA-CID may approve exceptions to the maximum assistance cap on a case-by-case basis when extraordinary circumstances make additional assistance necessary and reasonable. The justification, including analysis of need and cost reasonableness, will be documented in the applicant's file.

ARHP awards are calculated using a sliding scale reimbursement model, capped at 70% of total eligible project costs not to exceed the calculated unmet need. The figure below provides an illustrative overview of reimbursement caps based on number of bedrooms and conditioned square footage.

		Award Cap**	
	Min Sq Ft	Rehab*	Recon*
1 BR	660	52,000	96,000
2 BR	880	58,500	108,000
3+ BR	990	65,000	120,000

9.1.1 Historic Preservation

If reconstruction of a single-family property located in, or adjacent to, a historic district would result in an historic preservation adverse effect finding, then a reconstruction award will not be offered to the applicant[6]. In cases where rehabilitation of a property is feasible and rehabilitation of the property would not result in a historic adverse effect, ARHP may offer otherwise eligible applicants a rehabilitation award of up to $120,000. If it is determined that the home cannot be rehabilitated and

[6] Adverse effect (as defined in Section 106 National Historic Preservation Act of 1966) is found when an undertaking may alter, directly or indirectly, any of the characteristics of a historic property that qualify the property for inclusion in the National Register of Historic Places (National Register) in a manner that would diminish the integrity of the property's location, design, setting, materials, workmanship, feeling, or association.

must be reconstructed, or if the rehabilitation will not alleviate the adverse effect, then the applicant will be deemed ineligible for ARHP assistance. Applicants whose storm-impacted properties may be reconstructed without creation of a historic preservation adverse effect may not elect to receive a rehabilitation award.

9.2 Rehabilitation

Eligible applicants with stick-built properties qualify for a rehabilitation award type when the estimated cost to repair is less than 60% of the pre-storm value of the structure or $65,000, whichever is less, and the property is not otherwise deemed “not suitable for rehabilitation.”

Eligible applicants with Manufactured Home Units (MHUs) qualify for a rehabilitation award type when the estimated cost to repair is less than $15,000 and the unit is fewer than five (5) years old.

9.2.1 Not Suitable for Rehabilitation

ARHP defines “not suitable for rehabilitation” as:

- Structures condemned by the authority having jurisdiction: Properties condemned or “red-tagged” by the local authorities will not be rehabilitated;
- Structures that cannot be rehabilitated under existing Program caps, due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.) will be considered not suitable for rehabilitation;
- Structures that are structurally unsafe or that have other conditions that make interior inspection by ARHP impossible or unsafe;
- Structures that have already been demolished; or
- Structures that require elevation.

Eligible applicants with homes deemed not suitable for rehabilitation may be offered reconstruction assistance, if the applicant owns the land on which the structure sits, and reconstruction is feasible. ARHP will not demolish any properties deemed not suitable for rehabilitation for applicants who do not accept reconstruction assistance.

9.2.2 Rehabilitation Scopes of Work

Rehabilitations are intended to repair remaining storm damage and to make the home decent, safe, and sanitary. ARHP does not provide funding for “like for like” repairs. ARHP will reimburse applicants for the cost of using standard economy/builders’ grade materials, which may differ from the original materials. For example, if a rehabilitation award calls for replacement of cabinets, the Program will fund the replacement of existing cabinets with standard grade cabinets, regardless of the grade of the pre-existing cabinets. The Applicant may choose to use higher grade materials, but the Applicant will be responsible for the increased cost of those materials. Rehabilitation scopes of work will be limited to those items identified as in need of rehabilitation to bring the home back up to decent, safe, and sanitary conditions.

Standard essential appliances that are not functioning or non-existent at the time of damage assessment will be included in the cost estimate. Essential appliances include stove/range, oven, water heater, and refrigerator only. Dishwashers may be included, only if a dishwasher previously existed in the home. Washing machines and dryers, microwaves, stand-alone freezers, and other non-essential appliances will not be funded by the program.

Luxury items, including but not limited to, high-end countertops, high-end appliances, stone flooring, security systems, swimming pools, spas, fireplaces, sheds, outbuildings, fences, and television satellite dishes will not be funded under ARHP and will be at the applicant's expense.

9.3 Reconstruction

Eligible applicants with stick-built homes qualify for a reconstruction award type when the estimated cost to rehabilitate is greater than or equal to 60% of the pre-storm value of the structure or $65,000, whichever is less. Eligible applicants with properties otherwise deemed not suitable for rehabilitation may also qualify for a reconstruction award if the applicant owns the land and it is feasible to reconstruct the structure on the property.

MHUs that were damaged or destroyed as a result of the qualifying disaster or deemed to be in a condition of disrepair that does not meet HUD Housing Quality Standards shall not be replaced with another MHU under this Program. Those applicants will be provided assistance for rehabilitation or construction of a permanent, stick-built housing unit. It should be noted that the cost of maintaining a stick-built home is likely higher than that of an MHU. This should be considered by the applicant when evaluating the award.

Eligible applicants with MHUs qualify for a reconstruction award type when the estimated cost to repair is greater than or equal to $15,000, or the MHU is greater than 5 years. Landlord-applicants must own the land on which the MHU sits.

10 Pre-Construction

After the grant agreement is executed, the case enters the “pre-construction” phase. During the pre-construction phase of the Program, several key activities take place which prepare the project for the start of physical construction. Key activities which take place during the pre-construction phase of the Program include, but are not limited to:

- Contractor Procurement: applicant must procure a qualified General Contractor (GC) to complete the construction project;
- Survey and Design: The GC will arrange for a property survey and engineering design for the project, as applicable;
- Cost Estimate: The GC will visit the project site to finalize a cost estimate;
- Pre-Construction Meeting: The Program will host a meeting with the applicant and GC to review key items related to construction;
- Permitting: The GC will obtain all permits required to complete the assigned construction scope of work; and
- Utility Disconnection (if applicable): If applicable, landlord-applicants must arrange for utilities at the property to be disconnected.

10.1 Procurement Requirements

10.1.1 Contractor Procurement

Applicants are able to hire registered/licensed and insured builders of their choice to perform reconstruction or rehabilitation activities. Property owners are precluded from acting as their own general contractors; however, the applicant may consult with the Program in the event that an exception may need to be considered. Property owners are required to oversee this construction process.

The Program will complete a thorough inspection of the property and will then complete the Work Write-up and Cost Estimate Form. The Work Write-up will be given to the Landlord-Applicant for use in soliciting contractors to perform the prescribed work.

The Landlord-Applicant will solicit three quotes from different construction contractors. If the Landlord-Applicant is unable to solicit three independent bids, it must be demonstrated that the Landlord-Applicant took all reasonable measures to acquire three independent bids. Potential bidders should be made aware of Program policies and Federal or State requirements.

Upon selection of an eligible contractor which has provided a quote for the scope of work, the Program will verify that costs are necessary and reasonable as compared to the estimated cost of repairs. If not selecting the lowest reasonable bidder, the Landlord-Applicant will need to provide supporting evidence as to why this selection was made. If the contractor's quote is outside of the estimated cost of repairs, additional steps will be taken to justify the costs, the Landlord-Applicant may select a different contractor, or the Landlord-Applicant will pay for costs above those deemed necessary and reasonable.

ARHP will also verify that the contractor:

- Is properly licensed and/or registered building contractors in the area of performance as applicable and carry all required insurance(s),
- Must not be on HUD or State debarred lists or subcontract to entities on HUD or State debarred lists,
- Must comply with all required State and Federal regulations applicable to the Program, and
- Must provide a project completion plan detailing the work and timeframe for completion.

Awards shall not be made to any party excluded from participating in any federally funded program and should also ensure that the contractor hires only eligible subcontractors to perform work under the agreement.

10.1.2 Construction Contract

The contract between the applicant and the contractor should include the following:

- Parties to the agreement;
- Project location;
- Scope of services;
- Financial commitments;
- Starting and ending dates;
- Performance schedule and milestones;
- Contract representatives (grantee, contractor, subcontractor(s));
- Conflict of interest;
- Reporting requirements;
- Suspension clause;

- Incorporation of attached requirements;
- Payment schedule and contract cost;
- Signatures; and
- CDBG-DR General Conditions and any other General Conditions pertinent to the contract.

The Program will facilitate an agreement between the applicant and the contractor which includes the items noted above and any additional terms and conditions as specified by MDA-CID. Neither the cost-plus-a-percentage nor percentage-of-construction cost methods of contracting are allowed.

10.1.3 Bonding Requirements

General contractors are responsible for providing the program with performance and payment bonds equal to 100% of the approved work order value for all projects prior to requesting a Notice to Proceed (NTP). Program staff shall review provided performance and payment bonds prior to NTP issuance.

10.1.4 Pre-Construction Conference

Prior to the start of construction, the Program will hold a pre-construction conference with the applicant and the contractor(s) awarded the contract(s). At the pre-construction conference, the final work write-up(s) (project specifications) will be reviewed by all parties, line item by line item, to ensure a thorough understanding of the work to be accomplished. The contractor is encouraged to have any required subcontractors present. Should any program eligible additions or deletions be required, the applicant may request that the Program review and modify the scope of work.

Additional topics to be discussed at the pre-construction contract include, but are not limited to:

- Timing and coordination of the sequence of the work (especially when and where lead hazard reduction activity or rehabilitation work that disturbs painted surfaces, known or presumed to be lead based paint, are to be accomplished, and/or if the project entails multiple contracts covering various components of the entire project);
- Responsibilities of all parties including the various processes and procedures involved in completing the project (e.g., change order procedures, contractor payment processes, various lead hazard reduction requirements, grievance / dispute resolution procedures, etc.).

10.1.5 General Contractor Responsibilities

General contractors are required to complete all Program-sponsored construction activities in accordance with all federal, state and local building codes and requirements. General contractors are responsible for determining which permits are required and for acquiring all permits required to complete the Program-approved scope of work from the authority having jurisdiction for code compliance in the location where the construction project is located. Permits required for each project vary by location and scope of work, but may include permits for items such as but not limited to:

- Demolition
- Septic
- Mechanical, electrical, or plumbing
- Building
- Roofing

- Asbestos or Lead Based Paint Abatement

Applicants may be required to sign documents which authorize the general contractor to obtain permits from the authority having jurisdiction. Because requirements vary by jurisdiction, documents which require the applicant's signature may also vary. If required to sign or complete documents in support of permitting, the applicant must do so within thirty (30) days of being presented with such documents.

General contractors must demonstrate code compliance to pass a final Program inspection. For reconstruction projects, code compliance will be confirmed via a Certificate of Occupancy (or equivalent), issued by the authority having jurisdiction. For rehabilitation projects, code compliance will be confirmed via Certificate(s) of Completion (or equivalent), as applicable, issued by the authority having jurisdiction. Certificate(s) of Completion issued for rehabilitation projects may vary, depending on the scope of work completed by the Program.

10.1.6 Landlord-Applicant Responsibilities

The applicant is responsible for actively participating in the construction process, making themselves available to issue decisions related to the project. Decisions may include finish selection, color selection, placement, etc. The applicant is discouraged from deviating from the established and agreed upon scope of work as doing so may cause the project to exceed specified time frames and budgets.

Further, the applicant must not hinder or impede the work progress by attempting to make changes and/or modifications to work in the field without prior authorization from the Program.

11 Construction

General Contractors must implement construction methods that emphasize high quality, durability, and sustainability. All rehabilitation and reconstruction must be designed to incorporate principles of sustainability, including resilience and mitigation against the impact of future disasters. ARHP will implement and monitor construction results to ensure the safety of residents and the quality of homes assisted through the Program. All housing units repaired or reconstructed must comply with Program standards and must meet all applicable local and state codes, repair standards, ordinances, and zoning ordinances at the time of project completion.

11.1 Elevation Standards

Applicants and GCs will follow HUD guidance to ensure all structures, as defined in 44 CFR 59.1, designed principally for residential use, and located in the Federal Flood Risk Management Standard (FFRMS floodplain), that receive assistance for rehabilitation of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b) (10), will be elevated with the lowest floor, including the basement, at least two (2) feet above the Base Flood Elevation (BFE). If local elevation requirements exceed those required by HUD, the more stringent requirement shall apply. The definitions of "substantial damage" and "substantial improvement" are outlined in 44 CFR §59.1 as transcribed below:

- "Substantial damage" means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred."

- "Substantial improvement" means any reconstruction, rehabilitation, addition or other improvements to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement.

11.2 Eligible Construction Activities

GCs are only authorized to perform construction activities that are duly authorized by an approved scope of work or via an approved documented change order. Program scopes of work, including all items outlined in the bulleted list below are subject to award caps.

Program scopes of work may include:

- **Rehabilitation work**: Rehabilitation work includes items required to complete repair or renovation of a portion of a home. Rehabilitation work is intended to repair storm damage and bring the items repaired into compliance with local building codes and must comply with the current HUD Housing Quality Standards (HQS) including compliance with Section 31 of the Federal Fire Prevention Control Act of 1974.

- **Reconstruction**: Reconstruction consists of the demolition, removal, and disposal of the storm damaged structure, followed by construction of a new home in substantially the same footprint as the storm-damaged home. Reconstruction work will be conducted in accordance with state and local building codes and all applicable federal standards. Reconstructed homes are only offered in standard floorplans.

- **Elevation:** If reconstruction requires elevation, it will be conducted by means of pier and beam foundations, piling foundations, or fill dirt, if permissible within zoning regulations, and will be determined by the architect/engineer of record.

- **Site work**: Site work includes site-specific construction activities necessary to complete the project that are not related to the structure itself. Site work includes activities such as: flatwork, grading, septic tank repair/replacement, well repair/replacement, installation of sod, tree trimming or tree removal, etc.

- **Environmental Abatement**: Environmental abatement activities are those environmental activities identified by ARHP or the GC that must be addressed in order to comply with the current HUD Housing Quality Standards (HQS) and deliver a decent, safe, and sanitary home. Environmental abatement activities may include items such as, but not limited to, lead-based paint removal or mitigation or asbestos abatement. Costs of environmental clearance inspections are also allowable.

- **Historic Preservation**: Section 106 of the National Historic Preservation Act of 1966 (Public Law 89-665), as amended in 2000, requires Architectural History compliance imposed by the Compliance and Review Section of the Bureau of Historic Preservation, as needed. If the State Historic Preservation Office (SHPO) or other authority having jurisdiction requires specific construction or design measures to prevent an adverse effect to a historic or cultural resource, such activities may be included in the Program scope of work if determined to be feasible and in alignment with Program cost reasonableness principles.

- **Reasonable Accommodations**: Scopes of work for applicants with duly approved reasonable accommodation requests will include items associated with the approved reasonable accommodation(s). Reasonable accommodations may include items such as widened doorways, ramps, grab bars, etc.
- **Essential Appliances**: Essential appliances, which include stove/range, oven, water heater, dishwasher, and refrigerator are included in Program scope of work for all reconstruction award types. Scopes of work for repair award types will include replacement of essential appliances, only if the essential appliances are damaged, in non-working order, or non-existent at the time of damage assessment. Appliances provided will be of standard, economy grade and energy efficient. Luxury appliances will not be provided.
- **Smoke and Carbon Monoxide Detectors**: All assisted homes will be equipped with smoke and carbon monoxide detectors, in accordance with local code requirements.
- **Mitigation Measures**: Measures to make homes more resilient in the face of future disasters such roof strapping or impact resistant glass, may be included in Program scopes of work. See subsection below for more information.

The above bulleted list is not intended to be an exhaustive or all-encompassing list. All construction work undertaken by GCs must be approved via an approved cost estimate or duly authorized change order. All change orders must be submitted to and approved by ARHP prior to the commencement of any associated work. Any work completed by GCs prior to authorization by ARHP is completed at the applicant's own risk.

11.2.1 Mitigation Measures

Hazard mitigation measures will be incorporated into construction activities where determined to be necessary and cost reasonable, in accordance with applicable HUD guidance and local code requirements and Program goals for increased resilience against tornadoes, hurricanes, and flooding events.

Examples of mitigation measures include elevation above the base flood elevation level or the addition of storm shutters, disaster-proof windows, or roof straps, if those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage. However, mitigation measures are not eligible as standalone activities; they must be incorporated as part of a project that is otherwise addressing eligible repairs necessary as a result of the Qualifying Disasters.

11.2.1.1 Lead-based Paint Disturbance and Mitigation

General Contractors must ensure the following minimum requirements are met at all times:

- All sites are clean and protective covering is placed where required by applicable regulations during the renovation, especially when paint-disturbing activities are taking place.
- All workers on-site are to have proper certifications with them while on-site.
- The Lead Renovator's certificate is required on-site at all times from the start of the renovation until the final lead clearance has been achieved.

- Ensure proper techniques are being used when performing paint disturbing activities.
- At a minimum, the following two items are required to be posted at all times to be seen clearly by anyone approaching the site and all workers until final lead clearance is achieved:
- Environmental Protection Agency (EPA) RRP required warning signage in English and Spanish:

Figure 1: Example Signage

- Occupational Safety and Health Administration (OSHA) required lead warning signage in English and Spanish

Figure 2: Example Signage

If site conditions are noncompliant, a stop work order will be issued until all problems are resolved and verified by Program staff. The time the project is on hold will be included when calculating construction duration and is considered the fault of the contractor and subject to performance penalties. Any issuance of a stop work order will also be taken into consideration when determining future assignments and participation in future projects.

11.3 Construction Progress Site Inspections

All construction projects must pass 25%, 50%, and 100% construction inspections to be performed by ARHP staff. The goal of Program inspections is to confirm that construction work is being completed in accordance with the approved scope of work and that work is of sufficient quality. Program inspectors are not municipal code inspectors and Program inspections do not supersede required municipal code inspections. Landlord applicants are responsible for coordinating municipal code inspections, as required by the authority having jurisdiction to close permits and/or obtain a certificate of occupancy or certificate(s) of completion (or equivalent).

Applicants must pass a 25% inspection before requesting a 50% inspection. Subsequently, applicants must pass a 50% inspection before requesting a final inspection. The applicant or applicant's representative(s) must be present at each inspection. Failed 50% or failed final construction inspections may result in award cancellation and recapture of award.

An inspection may fail because required work is not complete, because an applicant or applicant's representative failed to attend, or because the work completed is not of acceptable quality.

Applicants may submit a reimbursement request after 25% and 50% inspections followed by a final reimbursement request after a successful final inspection. Alternatively, they may submit one reimbursement after final inspection.

11.3.1 Rehabilitation Award Type Inspections

For a rehabilitation project to pass a 25% or 50% construction inspection, costs totaling 25% or 50% or more, respectively, of the dollar value of the scope of work must be completed. Applicants may request a 25% or 50% inspection for a rehabilitation project when the applicant believes those thresholds have been met or exceeded. Applicants are required to provide photo documentation of work completed and enclosed, when applicable, for the item to pass. Examples of work that may be completed and enclosed at the time of a 25% inspection include, but are not limited to:

- Removal of damaged components,
- Materials purchased

Examples of work that may be completed and enclosed at the time of a 50% inspection include, but are not limited to:

- Framing repairs,
- Use of green rock in wet areas that has been painted over,
- Installation of insulation in exterior walls that have sheet rock installed,
- Installation of new subfloor,
- Installation of new radiant barrier sheathing if conducting roof replacement,
- Completion of anti-microbial spray
- Mechanical, electrical, and plumbing rough-ins or repairs complete, with evidence of a passing municipal inspection on site.

To pass a final inspection, rehabilitation project types must be complete, with municipal approval achieved, as evidenced by Certificate(s) of Completion (or equivalent), and as applicable, issued by the authority having jurisdiction. To pass a final inspection, the following must be complete and onsite at the time of Program inspection:

- Certificate(s) of Completion (or equivalent), issued by an authority having jurisdiction on site for all permits issued for the project;
- All site work complete;
- Photos of any work complete and enclosed at the time of final inspection.

- All construction work included in the approved cost estimate and any duly authorized change order is complete and of sufficient quality;
- All utilities are reconnected and functional;
- All essential appliances are properly installed and functioning as intended;
- If the Program-assisted structure is in the 100-year floodplain according to HUD's Floodplain Management requirements found at 24 CFR Part 55, a final elevation certificate showing the lowest finished floor is 2 or more feet above the Base Flood Elevation (BFE);
- General Contractor provided warranty issued for one (1) year and warranty booklet present in the home; and
- If the home was built prior to 1978, a lead-based paint clearance report is present.

11.3.2 Reconstruction Award Type Inspections

For a reconstruction project to pass a 25% inspection, all of the following items must be complete and on site at the time of inspection. Walls are not to be enclosed at the time of the 25% inspection. The inspector must be able to view and inspect the interior of all walls.

- Damaged home has been demolished and debris from the damaged home has been removed from the site and disposed of at an accredited facility to accept such waste,
- Materials purchased,
- Foundation complete,
- Framing materials on site,

For a reconstruction project to pass a 50% inspection, all of the following items must be complete and onsite at the time of inspection. Walls are not to be enclosed at the time of the 50% inspection. The inspector must be able to view and inspect the interior of all walls.

- Framing complete and evidence of a passing municipal framing inspection is on site,
- Roof complete,
- Exterior siding complete,
- Windows installed,
- Mechanical, electrical, and plumbing rough-ins complete, with evidence of a passing municipal inspection on site.

To pass a final inspection, reconstruction project types must be complete, with municipal approval achieved, as evidenced by a Certificate of Occupancy (or equivalent) issued by the authority having jurisdiction. To pass a final inspection, the following must be complete and onsite at the time of Program inspection:

- Certificate of Occupancy on site;
- All site work complete, including final grading, flatwork, and sod installation;
- All construction complete and of good quality in accordance with approved floorplan, scope of work, and any duly authorized change orders
- Address numbers are installed on the front of the home;
- All utilities reconnected and functioning;

- All appliances properly installed and functioning as intended;
- If the Program-assisted structure is in the 100-year floodplain according to HUD's Floodplain Management requirements found at 24 CFR Part 55, a final elevation certificate showing the lowest finished floor is 2 or more feet above the Base Flood Elevation (BFE); and
- Warranty issued for one (1) year and warranty booklet present in the home.

11.4 Change Orders

From time to time, it may be discovered that the construction scope of work originally approved by ARHP must be altered to deliver a decent, safe, and sanitary home within acceptable timeframes. ARHP allows for the use of change orders to modify the Program-approved scope of work. Change orders must be initiated by the GC. GCs must substantiate the need for the change order and demonstrate that costs associated with the change order are reasonable. Change orders initiated by the homeowner will not be considered under any circumstance.

With exception of items which pose an immediate health or safety risk, GCs must seek change order approval prior to commencing work not included in the approved scope of work. GC requests for change order after the project passes a final Program inspection will not be considered. Upon request of the final construction inspection, the contractor acknowledges that no outstanding or unapproved change order work exists, and the final payment satisfies all claims for the entire application.

Change orders are to be submitted to the Program staff for review and approval. Any change orders increasing the cost by more than 10% will undergo a secondary review for final approval.

11.5 Re-Inspections

Should the ARHP observe any fault(s) during the progress and/or Final Inspections, the construction contractor and applicant will be informed of the fault(s) and be provided with a written report of the findings. In the event a property fails the initial threshold inspection, the landlord applicant will be responsible for all costs associated with any required re-inspection(s). To compensate the ARHP for administrative and inspection costs, a fee of $1,000 per re-inspection will be assessed and applied as a reduction to the landlord applicant's total award. When the construction contractor has remedied the fault(s), the applicant must submit a request for re-inspection to confirm all deficiencies have been resolved.

11.6 Construction Warranties

General contractors are responsible for providing a warranty. The Program does not provide warranty services. The contractor must present warranty documents to the applicant which detail the length and method of claim request. At a minimum. all construction work completed by the Program must be accompanied by a one (1) year general warranty. All warranty claims are between the landlord and the contractor. Instructions on how to file a warranty claim and a copy of a claim form must be provided to the applicant by the contractor at the final inspection along with the final acceptance form.

12 Applicant Responsibilities

For ARHP to be successful in providing applicants with rehabilitation or reconstruction awards, the applicant must participate and comply with Program timeframes, directives, and requests. ARHP is a voluntary Program. Applicants who do not wish to comply with all or some of the applicant responsibilities may opt to withdraw from the Program at any time prior to construction start.

12.1 Flood Insurance

Section 582 of the National Flood Insurance Reform Act of 1994, (42 U.S.C. 5154a), as amended, establishes a prohibition on providing Federal disaster assistance in certain circumstances. In general, it provides no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for rehabilitation or reconstruction for damage to any personal, residential, or commercial property if that person at any time has received flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and subsequently having failed to obtain and maintain flood insurance as required under applicable Federal law on such property. This means that the Program may not provide disaster assistance for rehabilitation or reconstruction to a person who has failed to meet these requirements.

Section 582 of the National Flood Insurance Reform Act mandates that the Program must inform Landlord-Applicants receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. The requirement to maintain flood insurance shall apply during the life of the property, regardless of transfer of ownership of such property. A Covenant Agreement shall be executed with MDA-CID enforcing this requirement prior to receiving disaster assistance.

Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates that flood insurance must be purchased for any HUD-assisted property within a Special Flood Hazard Area. Therefore, assisted applicants with structures located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program.

Applicants with ARHP-assisted properties located within a Special Flood Hazard Area (100-year floodplain) must submit proof of flood insurance prior to receiving final payment.

12.2 Applicant Cooperation with the Program

Throughout the life of an applicant's participation in ARHP – from submission through closeout of the application – the applicant must participate and respond to requests from the Program in a timely manner. At no point should a request from the Program go unanswered for more than **thirty (30) days**.

ARHP will send applicants with outstanding requests from the Program a Pending Action Notice to inform the applicant of the outstanding request(s). The Pending Action Notice informs the applicant that the Program requires action from the applicant in order to proceed and that if the applicant does not complete the required action within **thirty (30) days**, the applicant will be sent a Non-responsive Notice pursuant to section 12.3. Common outstanding requests include, but are not limited to:

- **Documentation**: The Program requires documentation from the applicant for multiple reasons and at multiple phases throughout the Program. Not all requests for documentation are for documents an applicant must produce. Some documentation requests may be related to documents generated by the Program that the applicant must sign. Applicants must submit and/or sign requested documents in a timely manner.
- **Schedule:** The Program requires applicant cooperation and participation at multiple points throughout the process. Applicants or their representative(s) must schedule and attend

required appointments, inspections, or other required meetings in a timely manner. ARHP will make reasonable attempts to coordinate schedules with landlord-applicant availability. Applicants who refuse to schedule or attend required meetings or inspections may be sent a Pending Action Notice.

Applicants who require assistance, clarification, or an extension to the **thirty (30) day** timeframe to resolve a pending action must request assistance within the **thirty (30) day** window. Extensions to the **thirty (30) day** window will be considered on a case-by-case basis.

12.3 Applicant Responsiveness

The Program will make reasonable attempts to contact applicants to schedule meetings, collect documentation, or obtain other necessary information. If the Program has made three (3) consecutive unsuccessful attempts to contact an applicant with no follow up contact from the applicant, the applicant will be sent a Non-Responsive Notice. The Non-Responsive Notice provides contact information for the Program, advises the applicant of the next steps in the application process, and notifies the applicant that he/she must contact the Program or complete an action within **fourteen (14) days** of the date of the letter. If the applicant fails to contact the Program or complete the action within the **fourteen (14) days** allowed, the application will be closed and a non-responsive closure letter will be sent by the Program. Landlord-Applicants who become non-responsive after construction activities have commenced may be subject to repay Program funds expended on construction activities prior to the application being closed.

12.4 Minimizing Displacement

Properties assisted by ARHP must be vacant at the time of application. Landlord applicants may not displace or evict tenants for the purpose of applying for or participating in ARHP. Any property owner found to have improperly displaced a tenant including through eviction, intimidation, or coercion will be deemed ineligible for Program assistance. Such actions may also be subject to penalties under applicable federal regulations, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), the Fair Housing Act, and Section 104(d) of the Housing and Community Development Act of 1974.

As a HUD-assisted Program, and in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 42 U.S.C. § 4601 et seq., and the government wide implementing regulations found at 49 C.F.R. part 24, all Programs in the MDA-CID CDBG-DR recovery portfolio, including ARHP, are subject to URA regulations.

Due to the vacancy requirements of the Program, the Program does not anticipate URA being applicable but will comply with URA when circumstances require, including using guidance from the State's CDBG-DR Residential Anti-displacement and Relocation Assistance Plan.

URA guidelines as related to ARHP are included in Section 14 of the MDA-CID Policy Manual.

12.5 Landlord-Applicant Compliance Period

To receive assistance from ARHP, landlord-applicants must agree to a minimum five (5) year affordability period that complies with HUD income limits for low- and moderate income (LMI) households, forgivable at 20% per annum. In order to meet this eligibility requirement, applicants must make assisted units available to individuals considered to be LMI with a total household annual gross income that does not exceed 80% AMI, adjusted for family size, as published annually by HUD. The

Program will use the Internal Revenue Service (IRS) Form 1040 definition of income, for the purpose of determining tenant status for the ARHP. The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or AGI method. If eligible for award, applicants must complete an annual compliance questionnaire to confirm compliance with the 5-year affordability period. This questionnaire will require disclosure including but not limited to ownership confirmation, HUD HQS compliance, tenant income, and household composition information.

Affordability requirements include:

- Maintaining the property as an affordable rental property for a minimum five-year affordability period.
- All units assisted by the Program must be leased to tenants with household incomes at or below 80% of the Area Median Income (AMI) for a minimum of five (5) years.
- Rents charged by the Applicant or other co-owner may not exceed the High HOME Rent limits as defined annually by HUD throughout the compliance period.
- Income certification and third-party verification must be completed at initial lease-up and annually thereafter.
- Income verification must be based on source documentation, such as pay stubs, tax returns, or benefit statements, and may not rely on self-certification. Owners must follow HUD income verification protocols in accordance with the Internal Revenue Service (IRS) Form 1040 definition of income, as set forth in HUD regulations. The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or the AGI method.
- Lease Addendum Requirement and Enforcement: During the affordability period, all leases executed for program-assisted units must include a program-approved lease addendum. This lease addendum shall:
    - Certify tenant understanding that the unit is subject to income eligibility requirements and rent restrictions in accordance with the HUD-published High HOME Rent Limits;
        - State that rents may not exceed program limits and are subject to annual recertification;
        - Affirm that leases will not include any prohibited provisions under 24 CFR 92.253, including but not limited to tenant waivers of legal rights, mandatory supportive services, or exculpatory clauses;
        - Require tenant participation in annual income recertification;
    - Identify that any violations of the lease addendum may result in tenant removal consistent with state and local landlord-tenant laws and may subject the property owner to repayment of program assistance or other enforcement actions under the Grant Agreement.
    - The lease addendum shall be executed at initial lease-up and at each annual tenant recertification during the five-year affordability period. Property owners must submit a copy of the executed lease and lease addendum to ARHP annually.
- Complete and accurate rent rolls and tenant income documentation must be maintained.
- Owners must submit annual compliance reports to ARHP demonstrating adherence to program terms, including occupancy, rent, and income eligibility.
- All leasing and occupancy practices must comply with HUD Fair Housing and Equal Opportunity (FHEO) requirements.

- In the event of a sale or transfer of the property during the compliance period, the use restrictions and applicable warranties must transfer with the property through a recorded deed restriction, land use covenant, or other HUD-approved mechanism.
- Use restrictions must remain in place regardless of transfer, refinancing, or payoff, unless released through foreclosure or transfer in lieu of foreclosure.
- The Program will conduct annual monitoring of rent rolls, tenant leases, and income certifications to verify compliance with High HOME Rent limits and other affordability requirements. If an owner is found to be out of compliance, the Program will issue a written notice of deficiency, allowing 30 calendar days to cure the violation. Continued non-compliance or failure to respond may result in enforcement actions, including repayment of assistance, disqualification from future participation, and referral to HUD for further review in accordance with 2 CFR 200.339.

12.6 Recapture

Rare instances may arise where an applicant must return all or part of the awarded funding to the Program. The Program is responsible for recapturing duplicative funds from applicants or from applicants who become non-compliant. All applicant files will be reviewed and reconciled for accuracy to ensure DOB did not occur and that applicants are in compliance with Program requirements and federal guidelines. If an applicant has been identified as receiving a potential overpayment, the Program will document the amount and basis for the repayment in writing via a Repayment Notification.

Applicants who disagree with a repayment amount determined by ARHP may appeal the determination within thirty (30) days of receipt of the Repayment Notification. If the applicant's request is denied or there is failure on the part of the applicant to contest within the allotted timeframe, the Program will proceed with collecting the repayment amount. If the applicant's request results in a revision of the award amount or eligibility, the applicant will sign a revised grant agreement which will outline the requirements related to such changes and the requirements for repaying the remaining overdue amount, if any.

Once it has been determined that the applicant must return funds to the Program, the applicant must repay their funds in a timely manner. All repayments shall be expected to be repaid in full as one lump sum amount. The Program will review any applicant claims of financial hardship and may make limited accommodations in some cases. All funds recovered because of this policy will be tracked in the Disaster Recovery Grant Reporting system (DRGR) and returned to the CDBG-DR account or U.S. Treasury if the CDBG-DR grant has been closed out.

If a landlord-applicant sells the home or leases the home above affordable rates within the five (5) year compliance period, the applicant may be subject to repay all or a portion of the grant amount. The amount of benefit that is subject to repayment if the applicant breaks the terms of the compliance period will be determined by straight-line, linear amortization schedule of the grant over the five-year compliance period. The table below outlines the repayment schedule should the applicant sell the property or fail to make the unit available for LMI tenant occupancy during the five (5) year compliance period.

Date of Compliance Breach	Amount of Repayment Due to ARHP
Month 0 – Month 12	100% of grant award
Month 13 – Month 24	80% of grant award
Month 25 – Month 36	60% of grant award
Month 37 – Month 48	40% of grant award
Month 48 – Month 60	20% of grant award
61 Months or beyond	0% of grant award

ARHP grants forgiveness of the compliance period terms in the following extenuating circumstances:

- If an individual landlord applicant dies during the compliance period, the terms of the compliance period are forgiven. Surviving family members or heirs are not responsible to uphold ownership or maintain the 5-year LMI tenant availability requirements.
- If an individual landlord applicant is transferred or deployed due to military service, and such deployment makes it impossible or unduly burdensome for the applicant to continue to own or lease the ARHP-assisted property, the applicant is expected to notify MDA of the deployment or transfer. Compliance period requirements will be forgiven upon notification by the applicant to MDA.
- If an individual landlord applicant must be moved to a permanent healthcare facility or nursing home due to health conditions, and such change makes it impossible or unduly burdensome for the applicant to continue to own or lease the ARHP--assisted property the applicant or applicant's designee is expected to notify MDA. Compliance period requirements will be forgiven upon notification by the applicant to MDA.

Other circumstances which are beyond the applicant's control and prevent the applicant from upholding ownership and lease requirements throughout the compliance period will be considered on a case-by-case basis.

13 Voluntary Withdrawal

An Applicant may request to withdraw from the Program at any time before construction start. Voluntary withdrawal after execution of a grant agreement is discouraged as construction activities may have begun. Any request to withdraw after a grant agreement has been signed will be evaluated on a case-by-case basis.

Applicants may communicate a request to withdraw to any ARHP representative. It is preferred, but not required, that an applicant who wishes to withdraw submit his/her withdrawal request in writing. After an applicant requests to withdraw, he or she will be sent a Voluntary Withdrawal Notice. The Voluntary Withdrawal Notice informs the applicant that ARHP has received his/her request to withdraw, and that the applicant has **fourteen (14) days** from the date of the letter to rescind the withdrawal request. If the applicant does not rescind the voluntary withdrawal request within the **fourteen (14) day** period, the applicant's case will be closed as withdrawn and a Voluntary Withdrawal Confirmation letter will be sent.

14 Fraud, Waste and Abuse

MDA-CID, as grantee, is committed to the responsible management of CDBG-DR funds by being a good steward of the resources while maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, or mismanagement.

Pursuant to the Universal Notice, MDA-CID implements adequate measures to create awareness and prevent fraud, waste, abuse, or mismanagement among other irregularities in all Programs administered with CDBG-DR funds. These measures include providing informative material, including, but not limited to, brochures, flyers, posters and/or electronic content. These materials will help people identify fraudulent activities or schemes and explain specifically how to report them. This Policy will be provided to all CDBG-DR employees, partners, subrecipients, beneficiaries, applicants, contractors, and/or vendors, as well as being posted on MDA-CID's website. Anti-fraud posters will be displayed prominently in CDBG-DR project offices, government buildings (including all state agencies involved in the Program and those within affected communities), non-profit and advocacy offices, and other buildings within the affected community. Outreach will also be conducted to the local media outlets within the benefiting communities affected by the disaster. MDA-CID will partner with OSA to develop effective and informative material in this regard.

Additionally, MDA-CID encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-DR Program, to report such acts to the MDA-CID Monitoring Department, the Office of the State Auditor, directly to the Office of Inspector General (OIG) at HUD, or any local or federal law enforcement agency.

In addition to these Program-specific requirements, applicants and participants are subject to Federal statutes regarding false claims and statements.

> ***Warning:*** *Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.*

14.1 Reporting Fraud

Any allegations of fraud, waste, abuse, or mismanagement related to CDBG-DR funds or resources must be reported to the MDA-CID Monitoring Department, the Office of the State Auditor, directly to the Office of the Inspector General (OIG) at HUD, or any local or federal law enforcement agency.

Any person, including any employee of the CDBG-DR Program, who suspects, witnesses, or discovers any fraud, waste, abuse, or mismanagement, relating to the CDBG-DR Program, should report it immediately by any of the following means:

REPORT TO MDA-CID

Postal Mail	Director of Monitoring MDA-CID Disaster Recovery Attn: AFWA Post Office Box 849 Jackson, MS 39205
Email	cidprocessing@mississippi.org

REPORT TO OFFICE OF STATE AUDITOR

OSA Hotline	1-800-321-1275
Postal Mail	Office of State Auditor Attn: Investigative Division 501 N. West Street, Suite 801 Woolfolk Bldg. Jackson, MS 39201
Internet Website	www.osa.state.ms.us

REPORT TO HUD OIG

HUD OIG Hotline	1-800-347-3735 (Toll-Free) 1-787-766-5868 (Spanish)
Postal Mail	HUD Office of Inspector General (OIG) Hotline 451 7th Street SW Washington, D.C. 20410
Email	HOTLINE@hudig.gov

It is possible that a citizen may disclose acts of fraud, waste, or abuse of CDBG-DR funds to any MDA-CID staff. When such an occurrence takes place, the MDA-CID employee should immediately record, either orally or in writing, all information given to him or her. The employee will treat all such information as extremely confidential and only share the information with the MDA-CID Director of Monitoring. MDA-CID's ultimate goal is to ensure that no such information disclosed to any employee will be rejected or lost.

While reporting acts of fraud, waste, or abuse, the complainant may choose to remain anonymous or request that their contact information remain confidential. However, the complainant should be able to provide the following basic information, to the extent known, regarding the incident:

Who was involved?	Name(s) and phone(s) number(s), if available
What happened?	Summary of events, additional sources of evidence; loss to the CDBG-DR Program
When did it happen?	Date or range of dates, time and frequency
Where did it happen?	Location; city & state
Why?	Gain to the person who allegedly committed the fraud, waste, abuse, or mismanagement
How did it happen?	Narrative of complainant's description of incident or scheme

Incomplete or vague information can result in the inability to investigate the allegations reported. Although proof of improper activity is not required at the time the incident is reported, anyone reporting fraud, waste, abuse, or mismanagement must have reasonable grounds for doing so.

MDA-CID's Director of Monitoring will refer reported instances of fraud to OSA and/or HUD's OIG Fraud Hotline (via phone 1-800-347-3735 or via email at hotline@hudoig.gov) if there is a basis for doing so.

14.2 Effect of Fraud on Beneficiary

HUD has determined that documented instances of fraud on unsuspecting beneficiaries creates an unmet need which may be addressed by CDBG-DR Programs, and such additional assistance does not constitute a prohibited DOB. To be considered for additional assistance, a beneficiary will have to show the following elements:

- Fraud was committed by a third party resulting in some deficiency in funding or resources;
- Fraud was reported to some official governmental entity;
- Fraud occurred beyond the control of the beneficiary; and
- The original disaster recovery need was not fully met or was exacerbated by fraud.

Additional documentation, materials, and analysis may be necessary to determine if an unmet need remains and the extent of this need. In the event that the beneficiary meets the criteria set forth above, their unmet needs analysis will be reevaluated in accordance with the DOB Policy. In the event that the unmet need has increased, MDA-CID will provide additional assistance in the amount of the contractor fraud identified provided that such funding is available.

15 Complaints

Applicants may submit a complaint to the Program at any time. In accordance with guidance outlined in the Universal Notice, ARHP will provide a timely written response to every written citizen complaint.

Complaints will be addressed within **fifteen (15) working days** of receipt when practicable. If a complaint cannot be addressed **within fifteen (15) working days**, ARHP will notify the complainant of the need for additional time and an estimated resolution/response timeframe.

Persons who wish to submit formal written complaints related to ARHP may do so through any of the following avenues:

- Via email: info@MSHousingRecovery.com
- Via mail:

  Director of Monitoring
  MDA-CID Disaster Recovery
  ATTN: Complaints
  Post Office Box 849
  Jackson, Mississippi 39205

Although formal complaints must be submitted in writing, complaints may also be received verbally and by other means necessary, as applicable, when it is determined that the citizen's particular circumstances do not allow the complainant to submit a written complaint. These alternate methods include, but are not limited to:

- Via telephone: 866-981-7727
- In person at one of the intake centers

MDA-CID's Director of Monitoring will refer complaints regarding potential fraud to the Office of State Auditor and/or HUD OIG Fraud Hotline (via phone: 1–800–347–3735 or email: hotline@hudoig.gov) if there is a basis for doing so.

16 Appeals

Each adverse determination notice will identify whether the matter is appealable, the filing deadline and channels, the evidence relied on, the method to request accommodation or good-cause extension, and the effect of the appeal on processing or payment. Appeal reviewers will be independent of the original decision to the extent practicable, will consider the complete relevant record and any permitted new evidence, and will issue a written decision within the stated timeframe or provide written notice of the delay.

Applicants who wish to contest a Program determination may request an initial appeal directly with the Program by submitting a written request via electronic or postal mail within **thirty (30) calendar days** from the date of the determination being contested. Applicants may request an appeal to contest:

- Eligibility determination including denials related to PRWORA;
- Duplication of Benefits Gap determination;
- Award Type Determination;
- Program Scope of Work; or
- Recapture Amount.

Persons who wish to request an initial appeal related to ARHP may do so through any of the following avenues:

- Via the website at www.mshousingrecovery.com
- Via Email: info@mshousingrecovery.com
- In Writing:

  ARHP Appeals
  MDA-CID Disaster Recovery
  Post Office Box 849
  Jackson, Mississippi 39205

The ARHP Appeals Coordinator will conduct an initial review using the request and supporting information submitted by the applicant and make a determination. When practicable, the determination will be made within ten (10) business days. Applicants will be notified in writing of the determination made via an Initial Appeal Determination Notification.

If the applicant believes that the Initial Appeal determination was made in error, the applicant may request a Secondary Appeal directly by submitting a request and any additional documentation to the MDA-CID Appeals Coordinator within **fifteen (15) calendar days** of the date of the Initial Appeal Determination Notification. A written determination of the secondary review will be made and issued within ten (10) business days unless notified otherwise. Applicants will be notified in writing of the determination made via a Secondary Appeal Determination Notification.

The Secondary Appeal Determination is the final MDA-CID administrative determination. The written decision shall state the issues, material facts and evidence considered, applicable Program authority, rationale, effective date, and any remaining external complaint, civil-rights, administrative, or judicial rights that applicable law preserves. Nothing in these Guidelines waives or limits a person's right to seek relief from HUD, HUD FHEO, another oversight agency, or a court where such right exists.

An applicant cannot appeal Program policies, federal regulations, or state statutes. Appeals filed based on these reasons will be denied.

An applicant can withdraw the request for appeal at any time by providing written notice to MDA-CID of this decision. Such a written notice must be delivered to MDA-CID at the address(s) referenced above.

Program requirements established by MDA-CID and approved by HUD as dictated by law may not be waived or abrogated.

Applicants who choose to file a request for appeal are encouraged to provide individual facts or circumstances, as well as supporting documents to justify their petition. In adjudication of the appeal, the Program will only review facts and information already included in an Applicant's file, unless the Applicant submits new documentation. The Program has the discretion to accept or reject new documentation based upon its relevance to the appeal.

17 Exceptions to Program Policies

The ARHP Guidelines set forth the policy governing the Program and approved ARHP Standard Operating Procedures (SOP) set forth the procedures by which policy will be enacted. The Guidelines and the SOPs are intended to guide Program activities and enforce compliance with applicable federal regulations. While Program Guidelines and SOPs govern the Program, neither should be considered exhaustive instructions for every potential scenario that may be encountered by the Program. At times, exceptions to Program policies and/or procedures may be warranted. All exception requests are reviewed and adjudicated on a case-by-case basis as need arises, at the sole discretion of MDA-CID. Exceptions may be granted to Program policy or process. However, exceptions to federal regulations, laws, or statutes shall not be authorized.

18 MDA-CID Administrative Policies

As a recipient of CDBG-DR funds, there are several policies, procedures, and regulations which apply to all Programs, projects, and initiatives undertaken as part of MDA-CID's CDBG-DR grant. These policies and procedures are outlined in the MDA-CID Disaster Recovery Policy Manual. This Manual covers topics such as financial management, fair housing, conflicts of interest, recordkeeping, and others. The requirements described in the MDA-CID Disaster Recovery Policy Manual apply to all Programs outlined in the State of Mississippi Action Plan for Disaster Recovery and any amendments thereto, including ARHP which will be posted on the MDA disaster recovery website.

19 Program Income

Program Income is defined as gross income received by the grantee or subrecipients that is directly generated from the use of CDBG-DR funds that totals more than $35,000 over the life of the grant. ARHP will track, report, and use Program Income in compliance with HUD regulations to ensure that all funds are used for eligible activities that support disaster recovery.

19.1 Sources of Program Income

Program Income may be generated through a variety of sources, including but not limited to:

- Repayments of assistance due to noncompliance with Program requirements (e.g., sale of property during the affordability period)
- Recapture of funds due to fraud, ineligibility, or overpayment
- Interest earned on Program funds held in revolving loan or escrow accounts (if applicable)

All sources of Program Income will be documented and reported in the DRGR system.

19.2 Use of Program Income

Program Income will be used before drawing additional CDBG-DR funds from the grant allocation. Program Income may be used to fund additional single-family rehabilitation or reconstruction projects, support administrative costs (if allowable), or expand Program capacity.

19.3 Tracking and Reporting

ARHP will maintain a system for tracking the receipt, use, and balance of Program Income. This includes:

- Assigning Program Income to the appropriate activity in DRGR;
- Maintaining supporting documentation for all Program Income transactions;
- Ensuring that Program Income is used in a timely and compliant manner; and
- Including Program Income in financial reports and audits.

19.4 Closeout Considerations

Program Income received after grant closeout must be returned to HUD or used in accordance with post-closeout agreements, as specified in HUD guidance. ARHP will ensure that any residual Program Income is managed in compliance with applicable federal requirements.

20 Closeout

Applications will be closed upon completion of construction work, successful final inspection, confirmation that the home has been leased to a low- to moderate-income household, and after the 5-year compliance period expires.

ARHP staff will perform a complete review of the application file to ensure all necessary documentation is present and to ensure that the case is ready for closeout. By the time a case reaches closeout, the case has undergone several quality control checkpoints and various approvals at specific stages. Because the case has undergone such extensive quality control throughout each stage of the Program process, closeout review is intended to provide a review to verify completeness of each individual application rather than a comprehensive quality control review of each step.

When all quality control review levels have been approved, the applicant will be sent a Final Notice from the Program, informing the applicant that his/her case has been closed.

20.1 Record Retention

MDA-CID will comply with all applicable federal and state record retention requirements. In accordance with 24 CFR 570.490(d) and 24 CFR 570.506, all CDBG-DR program records must be retained for a minimum of three (3) years, unless a longer retention period is required due to audit findings, litigation, or other unresolved compliance matters.

The retention period will begin on the latest of the following:

- Three (3) years after submission of MDA-CID's final expenditure report (to HUD);
- Three (3) years after termination or expiration of the MDA-CID CDBG-DR grant with HUD or executed subrecipient agreement with MDA-CID; or
- Three (3) years after submission of the DRGR report in which the activity was last reported.

20.1.1 Access to Records

Consistent with applicable federal and state requirements, MDA-CID must provide HUD and other authorized oversight entities with reasonable access to Program records for monitoring, audit, and review purposes. Authorized entities include, but are not limited to:

- HUD and HUD's Office of Inspector General (OIG);
- Comptroller General of the United States;
- The U.S. Government Accountability Office (GAO);

- State and independent auditors; and
- The public, in accordance with state public records law and federal requirements, subject to applicable exemptions for confidential or proprietary information.

[END PROGRAM GUIDELINES]

Appendix A – Definitions

500-year floodplain: The area subject to inundation from a flood with a 0.2% or greater chance of being equaled or exceeded in any given year.

MDA-CID: Mississippi Development Authority; the grantee and administering entity for CDBG-DR funds allocated to the State of Mississippi for recovery from the 2023/2024 disaster events.

Area Median Income (AMI): The median (middle point) household income for an area adjusted for household size as published and annually updated by the United States Department of Housing and Urban Development (HUD).

Applicant: An individual who applies to ARHP for assistance with eligible home.

Base Flood Elevation (BFE): Base Flood Elevation as determined by the Federal Emergency Management Agency (FEMA), is the elevation of surface water resulting from a flood that has a 1% chance of equaling or exceeding that level in any given year. It is used to determine flood insurance premiums, and, in some cases, elevation requirements. HUD's Floodplain Management requirements found at 24 CFR Part 55 sets the minimum elevation requirements for properties that will be assisted with CDBG-DR funding, and which require elevation. HUD has determined that structures designed principally for residential use and located in the Federal Flood Risk Management Standard (FFRMS) floodplain that receive assistance for new construction repair of substantial damage or substantial improvement must be elevated with the lowest floor, including the basement, at least two feet above the BFE.

CDBG-DR: Community Development Block Grant-Disaster Recovery.

Damage Assessment: The initial Program inspection of a structure damaged by 2023/2024 disaster events in which all damage repaired at the time, and damage still to be repaired are officially documented in an estimating software that allows for standard market pricing and local sales taxes to be applied to Program eligible materials and labor in a consistent report format. The damage assessment reports will contain a detailed sketch of the structure along with exterior and interior photos.

Damage Repair Valuation (DRV): The Damage Repair Valuation, or DRV, will represent the Xactimate determined value of the repairs completed by the landlord-applicant, or those caused to be repaired by the landlord-applicant, prior to the Program application submittal for ARHP.

Displaced Person: Any person who moves from real property, or moves personal property from real property, as a direct result of property acquisition, rehabilitation, or demolition for a federally funded project – **excluding** voluntary or temporary relocations.

Duplication of Benefits: A duplication of benefits (DOB) occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

Duplication of Benefits (DOB) Gap: DOB Gap is the total amount of excludable and non-excludable benefits received less the dollar amount of excluded benefits (excludable benefits).

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws. For HUD purposes, applicable requirements are found at 24 CFR 58.

Estimated Cost to Repair (ECR): An ECR is used to verify damage to the property and determine the estimated scope of work to complete the repairs to the property and bring the property up to Program standards.

Federal Register: The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. It is published daily, except on Federal holidays. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each allocation of disaster funding.

Floodplain: FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

Floodway: A "Regulatory Floodway" means the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than a designated height. Communities must regulate development in these floodways to ensure that there are no increases in upstream flood elevations. For streams and other watercourses where FEMA has provided Base Flood Elevations (BFEs), but no floodway has been designated, the community must review floodplain development on a case-by-case basis to ensure that increases in water surface elevations do not occur or identify the need to adopt a floodway if adequate information is available.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

HUD: United States Department of Housing and Urban Development.

Low- to Moderate-Income (LMI) National Objective: Activities that benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with HUD Guidance.

Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which, in the traveling mode is 8 body-feet or more in width, or 40 body-feet or more in length, or when erected on site, is at least 320 conditioned square feet, is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning and electrical systems contained therein. Sometimes referred to as manufactured homes.

Most Impacted and Distressed (MID) Areas: Areas of most impact as determined by HUD or the state using the best available data sources to calculate the amount of disaster damage.

Program Income: Gross income generated from the use of CDBG-DR funds and received by state or local government grantees. This can include proceeds from the sale or lease of property improved with CDBG-DR funds, payments of principal and interest on loans made with CDBG-DR funds, interest earned on revolving loan accounts, and other income directly resulting from activities financed with CDBG-DR funds.

Qualifying Disaster: The specific disaster events as recognized by FEMA that affected Mississippi. The disaster events are as follows: March 24-25, 2023, affecting Monroe County (Zip Code 38821), Sharkey County, Humphreys County (Zip Code 39166); June 14-19, 2023, affecting Jackson County (Zip Code 39563); April 8-11, 2024, affecting Hinds County, Humphreys County (Zip Code 39038 and 39166), and Scott County.

Second Home: Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for assistance through ARHP. A second home is defined as a home that is not the primary residence of the owner, a tenant, or any occupant at the time of the storm or at the time of application for assistance. Additionally, seasonal, short-term and vacation rental properties are not eligible for assistance.

Stick-built home: A home that is built on-site using traditional construction materials and methods.

Xactimate: A residential estimating software that is used to standardize estimates for construction costs.