

# CITY OF BIRMINGHAM

COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER  
RECOVERY PROGRAM

*CDBG-DR Policies and  
Procedures as of  
1.23.2017*

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## **PROGRAM OVERVIEW**

As part of Public Law 113-2, Congress passed supplemental appropriations for disasters that occurred in 2011. The tornadoes that damaged multiple areas of the State of Alabama on April 27, 2011, including Birmingham, were included in this supplemental funding.

## **PROGRAM INTENT**

The purpose of this round of CDBG-DR funding is to provide the area most affected by the storms with assistance. The City of Birmingham requires programs to serve the area that are the most in need of this assistance and are most likely to achieve the goals of the area. The City also prohibits duplication of funding per the Stafford Act.

## **OBJECTIVES**

The CDBG-DR grant will provide funding for Single-family, Multi-Family, Infrastructure, and/or Economic Revitalization. The funds under this program are intended to target the following areas of the City that were affected by the 2011 tornados:

- (1) North Pratt Neighborhood;
- (2) Smithfield Estates Neighborhood; and
- (3) Any other areas of the City deemed to have been affected by the tornados of 2011 and are included within the jurisdiction of the City of Birmingham and in the federally declared disaster area.

## **ACTIVITIES**

CDBG-DR assistance is not intended to vastly improve what was already in place, nor will it be able to address all of the financial and supportive services needs of the areas that were affected. Rather, assistance should be focused on stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for maintaining the momentum that these funds will provide.

Eligible activities:

- Rehabilitation of Single-family owner-occupied properties
- New construction loans for Single- and Multi-family Housing
- New construction grants for Single- and Multi-family Housing
- Infrastructure Improvements
- Economic Revitalization Loans, Incentives, and Grants
- Public Facilities and Improvements

- Staffing and operating costs associated with implementing eligible financial assistance activities.

Ineligible activities: Financial assistance or services to pay for expenses that would cause a duplication of benefits are not eligible. A disclosure form is required to receive funding under this program. Other activities not qualified for CDBG-DR funding include but are not limited to:

- Long Term Support
- Payment of credit card or other consumer debt
- Travel costs, car repair or transportation costs
- Medical or dental care and medicines
- Clothing, grooming, or pet care
- Entertainment activities
- Work or education related materials
- Cash assistance to participants

## **ELIGIBLE RECIPIENTS**

This funding is intended to serve persons who were affected by or would like to relocate to the disaster affected area but for this assistance. Recipients eligible for CDBG-DR funded financial assistance and/or services may be individuals, families, non-profits, or for-profits. Either the applicant or the beneficiary of the funding must meet all of the following criteria:

- A. Residence – For the purpose of CDBG-DR, individual applicants and beneficiaries for housing must, upon completion of the activity, reside within the designated disaster affected area.
- B. Job Creation – For purposes of CDBG-DR, agencies are to follow HUD’s definition of job creation. The jobs created must be in response to the disaster and jobs lost because of it.
- C. Economic Revitalization – For the purpose of CDBG-DR, agencies must address a need within the areas that were most affected by the disaster; and
- D. Income: Beneficiary income can be no greater than 120% of Area Median Income (AMI).

## **SECTION 1: INTRODUCTION**

The purpose of this document is to provide guidance for the City of Birmingham Community Development Department that will assist in carrying out its financial and programmatic responsibilities under the Community Development Block Grant Disaster Recovery Program (CDBG-DR).

The detailed administrative requirements of the Office of Management and Budget (OMB) Circulars such as A-87, 29 CFR 95, Uniform Administrative Requirements for Grants and Agreements, and 24 CFR 570 are adhered to.

## **SECTION 2: FINANCIAL MANAGEMENT SYSTEM**

The following parts detail financial management systems that will be utilized to maximize compliance and efficiency.

### **(A) New World Financial Systems**

The City of Birmingham's New World Financial System Project Accounting is used and provides a means of tracking the City's and the Community Development Department's project expenditures draw revenues. The Grant Accounting module is not currently being used but IMS/Finance/Community Development have had talks about potential use in the near future.

This customizable system allows The City of Birmingham to provide the following:

- Accurate, current, and complete disclosure of financial results;
- Records that identify adequately the source and application of grant funds;
- Comparison of actual outlays with amounts budgeted for the grant;
- Procedures for determining reasonableness and allowable costs;
- Supporting documentation such as reconciled expenditures, paid bills, and contracts and sub-grants awards as attachments.
- A timely and appropriate response to any audit findings and recommendations.

### **(B) Disaster Recovery Grant Reporting System (DRGR)**

DRGR allows City of Birmingham to submit financial and performance data to HUD regarding activities funded under CDBG-DR grants. DRGR provides the means for updating and reconciling grant award amounts, drawdown information, and current balances from the Line of Credit Control System (LOCCS) via the DRGR system.

DRGR provides users with the ability to create vouchers which are then reconciled with the drawn amounts with LOCCS to ensure accuracy of financial balances. After the vouchers are processed via LOCCS, DRGR updates the status of the vouchers, enabling users to track the status of their drawdowns.

The following are the basic components of DRGR to be utilized by The City of Birmingham:

- Grants, Sub-funds, and sub-grants
- Consolidated Plan/Action Plan
- Projects

- Activity Setup
- Activity Funding
- Drawdowns
- Accomplishment Reporting
- Reports
- Security and Data Access

### **SECTION 3: ADVANCED FUNDING**

City of Birmingham draw-down requests are on a reimbursement basis.

### **SECTION 4: PROGRAM INCOME**

Program Income are earnings realized from Entitlement supported activities and may include such items as loan repayments, rent received, proceeds from sale of property, and lien repayments.

The City of Birmingham will comply with HUD requirements found in 24 CFR 570.489. Program Income received from loan proceeds/sales on grants are reprogrammed. The amount of the drawdown is reduced by the amount of program income. Interest earned on HUD funded Revolving Loan Funds is returned to the HUD via wire transfer. Generally, the other programs do not receive program income. In the event that other program income is received it will be reported and returned to the appropriate funding agency.

### **SECTION 5: SALARIES AND WAGES**

The City of Birmingham uses the Lawson payroll system for the recording personnel's time in conjunction with the New World Accounting System. The Lawson payroll system requires staff to certify payroll bi-weekly. The system shows the grants and programs worked on. Based on the time punches by employees, reports are created representing the exact hours pertaining to specific projects completed by staff. The payroll expense based on actual hours worked on each grant is charged bi-weekly. The following procedures are used for processing timesheets/payroll:

- a. All employees will be responsible for completing a timesheet on a bi-weekly basis.
- b. Leave will be recorded based on approved leave slips.
- c. Time will be distributed to grants based on activity.
- d. Time for programmatic activity will be documented on a supplemental

timesheet.

- e. The Auditor will verify the accuracy of the time sheet.
- f. The supervisor will approve the timesheet.
- g. The Auditor will record the time in the City's Payroll System.
- h. The Director or Deputy Director of Community Development will approve the payroll.
- i. The Payroll Office will submit a monthly payroll cost report.
- j. The Sr. Accountant and/or the Accounting Division will keep a file copy of the department's timesheets and check for accuracy.

## **SECTION 7: INTERNAL CONTROLS**

The detailed procedures are designed to include internal controls required to provide for adequate safeguarding of assets and accurate financial reporting. The concepts, elements, and objectives of internal controls include the following:

Concepts:

- The establishment and maintenance of a system of internal control is the responsibility of management and should be under continuous monitoring and supervision.
- Accounting control provides reasonable, but not absolute, assurance that the objectives of the system will be met.
- Underlying effective internal control are the competence and integrity of personnel. Independence is their assigned function, and their understanding of defined procedures.

Elements:

- Personnel with clear lines of authority and responsibility
- Adequate segregation of duties



Objectives: Adequate controls over cash receipts, cash disbursement and purchases, payroll, account reconciliation, and record keeping.

**(A) Organizational Chart**

The City of Birmingham is the Grantee for the receipt of grant funds. Grants are administered by the City of Birmingham Community Development Department. As the Grantee, the City of Birmingham is responsible for the expenditure of funds in compliance with regulations and waivers, and any other local, State, or Federal requirements

The City of Birmingham Community Development Department will provide upon request a chart displaying the scalable organizational structure to be employed by the City for all programs.

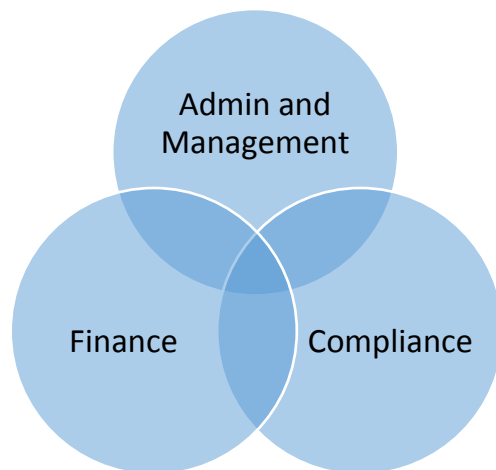
**(B) Staffing**

The City of Birmingham Community Development Department will oversee all activities and expenditures of awarded grants. Staff will be trained to execute project deliverables and ensure program compliance. The City will also maintain a close relationship with Grantor representatives and consult them throughout the grant program when guidance is required.

**(C) Lines of Authority**

In establishment of its programs, the City of Birmingham Community Development Department focused on creating a cohesive, cross-functional organizational structure that incorporates both horizontal and vertical lines of communication. In doing so, City has met its organizational goals to:

- Create clear approval controls that provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management’s general or specific criteria;
- Establish controls over the design and use of documents that provide reasonable assurance that transactions and events are properly documented, recorded, and auditable;
- Assign segregation of duties to effectively reduce the opportunity for program participants to perpetrate or conceal errors or irregularities in the normal course of duties;



- Institute guidelines and policy that make clear all personnel are responsible for communicating upward the program participant's operating problems and noncompliance with laws and regulations; and
- Develop internal control standards that support the Department's ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements.

While each of the Divisional Components has specific and unique responsibilities they are required to overlap and perform-peer-to-peer review to identify errors or omissions in Program compliance.

#### **(D) Program Administration Sequence**

Modifications to the City's Action Plan that trigger a substantial amendment include a change in a program benefit or eligibility criteria, the allocation or reallocation of more than \$1 million, addition or deletion of an activity, or any other criteria as established by the city in its Action Plan.

When the City desires to add an activity to its Action Plan, it elicits citizen participation in the process by publishing a notice indicating the posting of the proposed amendment on the City's website in two local newspapers for a period of 7 days. After comments are received from the public on the proposals the City then proposes a resolution before the Birmingham City Council authorizing it to submit to HUD an amended CDBG-DR Action Plan, including any HUD required documents, which adds the proposed activities to the Action Plan and funds the activities from the grant in question.

Finally, the City submits to HUD, along with a Form SF-424 Application for Federal Assistance signed by the Mayor, the Action Plan Proposed Substantial Amendment, the Council resolution, evidence of the website posting and the posting in the local newspaper.

Once the Action Plan is approved by HUD, the staff assigned to CDBG-DR will follow specific lines of responsibility and authority to facilitate the program.

#### **Grant and Budget Establishment**

All grant awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income are tracked within the New World Financial system.

Once the CDBG-DR Action Plan is approved by HUD, a Grant Set up Form (GSUF) is completed by the Accounting Division and Approved by the Director. The GSUF includes an approved City Council Resolution as well as all information relative to the grant: type, name, amount, award date, awarding agency, grant period, matching requirements, description, special

conditions/restrictions, and drawdown information. The setup form lists all the organizational and object codes for each grant. Organizational and object codes follow the approved grant budget. Once the GSUF is approved, an account is set up in the New World Financial Management System in both the grant module and the project module. The account information entered into New World follows the GSUF.

The accounting staff will be responsible for entering all required information into the database. This internal grant record includes grant awards, obligations, un-obligated balances, assets, liabilities, expenditures and program income. Expenditures entered into the System will immediately be cross-referenced against all FEMA Grants to ensure no duplication of benefits. Expenditures are also detailed to identify their specific relation to eligible scope of work. If multiple funding sources are used for any particular project the System will allow for an allocation of project expense based on eligible work performed.

### **Project Delivery**

A full review of all documents, as well as eligibility and fiscal review, is completed by the Community Development Department. The Accounting Division assist with eligibility issues and compliance and verifies supporting documentation is attached for processing any pay request.

Throughout the Project Life-Cycle, the CDBG-DR Division and the Accounting Division are responsible for receiving and tracking Project Status Reports and invoices for each contract. The CDBG-DR Division reviews the Project Status Reports submitted by beneficiaries. The Accounting Division matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance. If no negative findings are identified, the invoice is forwarded to the Director for signature and then returns to the Accounting Division for processing. The expenditure is then entered into New World Financial System by the Accounting Division. The expense is liquidated against the purchase order and approved within the New World Finance System by the Director and Finance and verified by the Purchaser's Office. Once verified and approved by the Purchaser's Office a check is generated by the County Treasurer's office. The New World Financial system will not allow for payments/encumbrances that exceed the purchase order/contract amount or the grant award.

### **Financial Management**

The City of Birmingham handles all HUD drawdown request and approvals. Those functions are handled primarily by the Sr. Accountant and other accountants within the department for proper separation of duties for HUD draw requests and approval. The Director then approves the draws in DRGR and sends an expected funds alert to the Treasurer's office based on the draw-down request. This alert tells the Treasurer's office of an incoming wire and for what project the funds are associated with.

All funding of activities, drawdowns and close outs in DRGR are reconciled with New World Financial system by the Accounting Division and reviewed by the Director. Year to date budget reports are run quarterly by the Accounting Division on each grant and the drawdowns in DRGR are based on actual expenditures.

Quarterly, a full Program Reconciliation is performed by the Accounting Division to balance all expenditures in New World Finance and DRGR. As with the quarterly review, the CDBG-DR Division reviews the Quarterly Report before submission to the Director for approval.

### **Close-Out**

Contracts will be considered “out of compliance” for late or incomplete reports, unresolved programmatic issues, monitoring findings, and/or audit findings. The contract shall remain “out of compliance” until all issues have been satisfactorily resolved. The CDBG-DR Division and the Accounting Division notify the Director when a contract is complete and can be closed out in New World Finance and DRGR and internal databases. The close out form is required or an updated accomplishment narrative if the National Objective has not been met at that time. Once all expenditures have been processed and all revenue has been received, grant close out begins.

The CDBG-DR Division notifies all involved of any close-out proceedings and any compliance issues that may or not may be resolved.

### **(E) Procurement**

The Community Development Department adheres to the City of Birmingham Purchasing procedures. All items will require approval from the funding agency. The Housing Division awards contracts for housing cases through purchase orders.

The City shall take affirmative steps to assure that small and minority firms, women’s business enterprises, and labor surplus firms are solicited whenever they are potential qualified sources. The City shall also consider the feasibility of dividing total requirements into smaller tasks or quantities so as to permit maximum participation by small and minority firms, women’s business enterprises, and labor surplus firms. Where permitted by regulations, delivery schedules will be developed which will include participation by such businesses.

All procurement carried out with CDBG-DR funds, where the City is a direct party, shall be carried out in a manner that provides maximum free and open competition. Procurement policies will not restrict or eliminate competition. The City shall not place unreasonable requirements on firms in order for them to qualify to do business. Nor will the City encourage or participate in noncompetitive practices among firms. The City is alert to organizational

conflicts which would jeopardize the negotiation process and limit competition. The City will not require unnecessary experience or bonding requirements.

Pursuant to state law and federal regulations (24 CFR 85.36(b)), all solicitations of offers shall incorporate a clear accurate description of the technical requirements for the material, service, or product to be procured. In competitive procurements, these descriptions shall not contain features which unduly limit competition. The description may include a statement of the qualitative nature of the material, product, or service and the minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications shall be avoided whenever possible. A “brand name or equal” description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated.

All solicitations of offers shall clearly set forth all requirements which offerors must fulfill and all other factors to be used in evaluating bids, proposals, or statements of qualifications.

Contracts shall be awarded only to responsible contractors/firms that possess the potential ability to perform successfully under the terms and conditions of the proposed procurement.

Consideration is given to the lowest prices responsive, responsible bidder. If a contractor does not meet the required specifications, he will not be awarded the contract, regardless of his financial resources and/or his work history with the City.

### **Methods of Procurement**

Direct procurement by the City shall be made by using one of the following methods depending on the type of service to be procured.

**Small Purchase Procedures:** Relatively simple, informal procurement procedures will be used for the purchase of materials, single task services, supplies, equipment, and/or other property. The purchaser must obtain a minimum of three oral or written price or rate quotations from qualified sources. Documentation on all quotations received (whether oral or written) shall be made a part of the file. Selections shall be made principally on price. Purchases that exceed \$10,000 must get prior approval from City Council and purchases that exceed \$15,000 must follow bid procedures. Payment shall be made upon delivery or completion.

**Competitive Sealed Bids/Formal Advertising:** Under this procedure bids are publicly advertised in accordance with the state’s Public Bid Law. A firm fixed price contract (either lump sum or unit price) shall be awarded to the responsible bidder whose bid is lowest in price and that conforms to all the material terms and conditions of the advertisement for bids.

Competitive sealed bids can be used ONLY when the following criteria are met: (1) there are complete, adequate, and realistic specifications or purchase descriptions; (2) there are two or more responsible bidders who are willing and able to compete effectively; (3) the procurement can be made on a firm fixed-price contract and selection of the successful bidder can appropriately be made principally on the basis of price.

When formal advertising is used the following conditions shall be met.

- i. The advertisement for bids shall be publicly advertised in accord with state law.
- ii. The advertisement for bids, including the specifications and pertinent attachments, shall clearly define the items or services needed in order for the bidders to properly respond to the advertisement.
- iii. All bids shall be opened publicly at the time and place specified in the advertisement for bids.
- iv. A firm fixed-price contract award shall be made by written notice to the lowest responsible bidder whose bid conforms to the advertisement for bids. Where specified in the bid documents, factors such as discounts, transportation costs, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts shall only be used to determine low bid when prior experience indicates that such discounts are generally taken.
- v. Notwithstanding the above, any or all bids may be rejected when there are sound documented business reasons in the best interest of the Disaster Recovery CDBG Program.

**Competitive Negotiation: Requests for Proposals/Qualification Statements:** All competitive proposals shall be conducted using a formal RFP/RFQ containing at least the minimum items in the attached RFP/RFQ Outline (See Attachment A). It is generally used when conditions are not appropriate for the use of sealed bids. Architectural and engineering services must be procured via requests for qualification statements. Other professional services may also be procured by requests for proposals. The following procedures will be used for competitive negotiation:

- i. Requests for proposals or qualification statements must be advertised in a newspaper in the nearest metropolitan area in accordance with the rules of the state's CDBG-DR Program. All submissions will be honored and entered into the competition.
- ii. Request for proposals or qualification statements shall contain a detailed list of tasks in the proposed scope of work that is expected to be accomplished.
- iii. The request for proposals or qualification statements shall identify all significant evaluation factors or selection criteria, including the corresponding point system that will be used to rate the proposals/qualification statements. Requests for proposals shall always include cost and at least one non-cost evaluation factor.
- iv. The selecting official (or committee, if one is designated) shall review all proposals and statements received and make a technical evaluation of each.

This shall also include a written statement that identifies the basis upon which the selection was made; including the importance of cost (for RFPs).

- v. Contract award will be made to the responsible offeror whose submission is deemed most appropriate to the City with consideration for price, qualifications, and other factors set by the local governing body. Unsuccessful offerors will receive a formal letter returning their bid bond. Documentation of notification shall be maintained in the contract selection file for the individual project.

For qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, at least three firms will be solicited. Following the review of the qualification statements received, the most qualified competitor will be selected to enter into contract negotiation. This shall always include negotiation of price to insure cost reasonableness. At the conclusion of successful negotiation, the competitor shall be invited to enter into a contract.

**Noncompetitive Negotiation/Sole Source:** Noncompetitive negotiation shall be used when small purchase, formal advertising, or competitive negotiation procedures are not feasible. Noncompetitive negotiation will involve solicitations of a proposal from only one source. This can also occur if solicitations under the competitive negotiation procedures result in only one proposal or qualification statement. In order to qualify for this type of procurement, one of the following circumstances must apply:

- i. The item or service is available only from a single source;
- ii. It is determined that a public urgency or emergency exists by the Mayor's Office and the urgency will not permit the delay beyond the time needed to employ one of the other three methods of procurement.
- iii. After solicitation of a number of sources, competition is determined to be inadequate.

### **Contract Price**

Cost plus a percentage of cost and percentage of construction cost methods shall not be used. The City shall perform cost or pricing analysis in connection with every procurement action including contract modifications in accordance with the HUD requirements. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals. Costs or prices based on estimated costs for CDBG-DR projects shall be allowed only to the extent that the costs incurred or the cost estimates included in negotiated prices are consistent with federal cost principals detailed at 48 CFR Part 31. Lump sum prices will only be used when there is a definable work product and the quantity to be provided is certain and the contractor assumes all the risk for costs incurred. Unit prices can be used when there is a definable work product and the contractor assumes all the risk for costs incurred, but the quantity is estimated. Cost reimbursement will be used when the task does

not result in a definable work product or the contractor will not assume the risk of incurring the cost to complete the task. Cost reimbursement, unit or lump sum price, or a combination thereof may be used as appropriate.

A cost reimbursement type contract is most appropriate when the scope and extent of the work to be performed are not clearly defined, such as a professional services contract. A cost reimbursement contract shall clearly establish a cost ceiling which may not be exceeded without formally amending the contract, and must identify a fixed dollar profit that may not be increased unless there is a contract amendment that increases the scope of the work.

A fixed price contract is appropriate when the scope of work is very well defined and product oriented. A fixed price contract can only be awarded when fair and reasonable prices can be established through adequate price competition and the solicitation is based principally on price. A fixed price contract shall establish a guaranteed price that may not increase unless there is a contract amendment that increases the scope of the work.

### **Procurement Records**

The City shall maintain records sufficient to detail the history of the procurement. The records shall include the following contract provisions and conditions:

- i. Contracts other than small purchase shall contain provisions that allow for administrative, contractual, or legal remedies if contractors violate or breach contract terms, and provide for sanctions and penalties as appropriate.
- ii. All contracts in excess of \$10,000 shall provide for termination for cause and for convenience by the City including the manner in which it will be done and the basis for settlement.
- iii. All construction contracts and subcontracts in excess of \$10,000 shall include provisions which require compliance with Executive Order 11246, Equal Employment Opportunity, as amended by Executive Order 11375, and as supplemented in DOL regulations (41 CFR Part 60).
- iv. All contracts and subcontracts for construction or repair shall include a provision for compliance with the Copeland "Anti-Kick-Back" Act (18 USC 874) as supplemented by DOL regulations (29 CFR Part 3).
- v. All contracts or subcontracts in excess of \$2,000 for construction or repair shall include a provision for compliance with the Davis-Bacon Act (40 USC 276a to a-7) as supplemented by DOL regulations (29 CFR Part 5).
- vi. All construction or repair contracts or subcontracts in excess of \$2,000, and in excess of \$2,500 for other contracts which involve the employment or mechanics or laborers, shall include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 USC 327-330) as supplemented by DOL regulations (29 CFR Part 5).



- vii. All negotiated contracts shall include a provision that makes it possible for the HUD, the Comptroller General of the United States, or any of their duly authorized representatives, to have access to any books, documents, papers, or records of the contractor/firm that are directly pertinent to the contract, for the purpose of making audit examination excerpts and transcriptions. Further, the contract must include a provision that all required records will be maintained by the contractor/firm for a period of five years after the City formally closes out each CDBG-DR program.
- viii. All contracts, subcontracts, and subgrants in amounts in excess of \$100,000 shall contain a provision which requires compliance with the requirements of Section 306 of the Clean Air Act (42 USC 1857 h), Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).
- ix. Contracts shall recognize mandatory standards and policies relating to energy efficiency that are contained in the State Energy Conservation Plan issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163).
- x. All negotiated contracts shall include a provision for compliance with the *Beason-Hammon Alabama Taxpayer and Citizen Protection Act*, Act No. 2011-535 (H. B. 56) of the Alabama Legislature, and shall require the contractor firm to participate in E-Verify as required by that statute.

### **Contract Administration**

The City shall maintain contract administration systems that insure contractors/firms perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The accepted performance of contractors/ firms will be a factor in subsequent contract negotiations and award. Remedial action by the City through legal processes shall be considered in instances of identified significant nonperformance.

All contracts will be developed in compliance with 570.503(b) and will include clauses for Davis-Bacon labor standards and Duplication of Benefits.

### **(F) Payment Processing**

Beneficiaries submit their requests for reimbursement based on the budgets attached to the contract. Funds are released on a reimbursement basis only and source documentation is required. Source documentation may include, but is not limited to, time and attendance records, payrolls, invoices, canceled checks, paid bills, purchase orders, and other sufficient documentation to justify the expenditures. In addition to source documentation, all requests for payment must include a status/progress report. The Accounting Division matches the invoice to the correct contract and purchase order and reviews the fiscal expenditure draw for contract compliance.

Following the review, both programmatic and fiscal, the Director signs the invoice and authorizes payment. If deficiencies are found, the beneficiary is notified immediately. Payment is contingent on: 1) expenditures being in accordance with the contract; and 2) satisfactory monitoring with no other outstanding issues. If no negative findings are identified, the Director signs the invoice and forwards it for processing.

## **SECTION 8: DOCUMENT CONTROL AND REPORTING**

All documents used by staff will be standardized, properly documented, recorded, and auditable.

Records, applications, and support documents related to the grant shall be retained for the greater of seven years from close-out of DR grant award, final audit acceptance, or the period required by other applicable laws and regulations. Files will consist of source documentation, including contracts and sub grant awards and will be maintained in hard copy files. The City's New World Finance system will also retain all source documentation and accounting records for the same period.

A quarterly performance report will be submitted to HUD no later than 30 days following the end of each quarter after grant award and continuing until all funds have been expended and all accomplishments have been reported. Each quarterly report will include information about the uses of funds during the applicable quarter including (but not limited to) the project name, activity, location, and national objective; funds budgeted, obligated, drawn down and expended; the funding source and total amount of any non-CDBG-DR funds to be expended on each activity; beginning and completion dates of activities; achieved performance outcomes; status of quarterly spending estimates and completion targets for each project; and the race and ethnic status of persons assisted under direct-benefit activities. Quarterly reports to HUD will be submitted using the DRGR system and within 3 days the City will post the submitted report to its official website.

The City will maintain on its website critical information on project scope, budget and delivery status. The website, [www.birminghamal.gov](http://www.birminghamal.gov), will provide access to CDBG-DR plans and project reports. All critical information will be updated at least quarterly. Action Plans, Amendments, Performance Reports including all activities as described in the CDBG-DR Action Plan and Quarterly Reports will be available on this site.

## **SECTION 9: OVERALL BENEFIT OF LOW/MOD INCOME PEOPLE**

The overall benefit waiver in the Federal Register Notice dated March 3, 2013 provides that 50% of total CDBG-DR funds awarded must benefit low and moderate income persons.

## **SECTION 10: CLASSIFICATION OF COSTS**

In the CDBG-DR program, there are four types of program costs: project costs, activity delivery costs, planning costs, and program administration costs.

### **Project Costs**

Project costs consist of the hard and soft costs related to providing or delivering the project. All assistance made directly to developers, homeowners, business and other beneficiaries are project costs. Examples of project costs include construction hard costs, architecture, engineering, developer fees, design work and public service costs. There is no cap on expenditures for project costs.

### **Activity Delivery Costs**

Activity delivery costs are those incurred by the City directly related to the delivery of a specific project. Developers, owners, businesses and other beneficiaries cannot have activity delivery costs. There is no cap on expenditures for activity delivery costs, but the costs must be necessary, reasonable, allowable, and allocable. Activity delivery costs count toward the 50% low- and moderate-income targeting threshold and must meet national objectives in the same proportion as the projects to which they are tied.

### **Planning Costs**

Planning costs consist of those incurred by City for the purpose of developing the CDBG-DR program. Examples of eligible types of planning costs include data gathering, studies, and analysis and preparation of plans. It does not include, for example, engineering or architecture plans in support of construction activities. Together with administration costs, planning costs may not exceed 20% of grant and program income.

### **Administration Costs**

Administration costs are those incurred for the general management, oversight and coordination of the CDBG-DR grant. Administration costs cannot be used for activities related to managing other programs. Examples of eligible administration costs include monitoring overall program performance, leased office space and general operations, staff time and/or contracted services to manage the funds and CDBG-DR program overall, administrative support, legal/accounting/HR/audit, financial management/DRGR/QPR, and ongoing compliance after project close-out. Administration costs are capped at 5% of total grant amount and program income.

## **SECTION 11: PUBLIC SERVICE CAP**

In accordance with 24 CFR 570.201 no more than 15% of the total amount of CDBG-DR funds awarded will be used for Public Services.

## **SECTION 12: PREVENTING FRAUD, ABUSE OF FUNDS AND DUPLICATION BENEFITS**

In order to ensure the proper disbursement of grant funds, the City plans to remain in compliance with applicable CDBG rules and regulations, as well as other applicable federal regulations such as Office of Management and Budget Circulars A-87, A-133 and 24 Code of Federal Regulations Part 85 (Uniform Administrative Requirements). The City will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement and accountability which may also be investigated. The City will monitor the compliance of applicants and HUD will monitor the City's Disaster Recovery Program. In addition to the steps listed below, Section 15 Monitoring and Section 18 Audits of this document also detail the City's plan to prevent fraud, abuse of funds and duplication of benefits.

### **Duplication of Benefits**

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

CDBG-DR funds will not be used for activities for which funds have been received (or will be received) from FEMA, National Flood Insurance Program, private insurers, the U. S. Army Corps of Engineers, SBA and other agencies. CDBG-DR funds may be used to provide assistance to the extent that a disaster recovery need has not been met by other sources. Applicants for assistance will be required to disclose all sources of assistance applied for, received or to be received. All applicants will sign an application and a contract verifying all sources and an agreement to pay back any or all of the CDBG-DR assistance if addition funding is made available to them during the term of the contract or after the contract expires.

The City will be responsible for verifying the application information before an award is made or a contract is executed. The City will use data from FEMA, SBA, private insurance, etc., to verify Duplication of Benefits. Unique budget codes will be established for all projects and expenditures will be tracked using New World Finance software. Any findings of duplicated benefits will be reported by Staff to the Director and Finance who will immediately notify the City's Law department and HUD. Appropriate actions will be taken to reclaim benefits following

a full review. The City will be executing subrogation agreements with recipients of CDBG-DR funds that will guide recapture of funds if a Duplication of Benefits is discovered after the disbursement of funds.

### **Steps to Avoid Mismanagement and Abuse of Funds**

The City will assess all program policies and procedures from an anti-fraud, waste, and abuse perspective. The City will work with HUD to provide anti-fraud training to program staff. Anyone with information regarding known or suspected misappropriation of funds or resources is encouraged to report the information to the City by sending a written report via U.S. mail to the following address: City of Birmingham, Community Development Department, 710 20th Street North, Room 1000, and Birmingham, AL 35203.

### **Conflict of Interest**

The City does not permit individuals having functions or responsibilities with respect to activities assisted with CDBG, CDBG-DR, ESG or HOME funds, or who are in a position to participate in a decision-making process, or gain inside information with regard to these activities, from obtaining a financial interest or benefit from a CDBG, CDBG-DR, ESG or HOME-assisted activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business-ties, during their tenure or for one year thereafter. This provision applies to employees, agents, consultants, officers, or elected/appointed official of the City. Exceptions to this policy can only be approved by HUD upon submission of a written request for an exception.

Applicants having any of the aforementioned positions, relationships or associations that may or could influence the decision-making process or outcome of a request for assistance in any manner, shape or form, must disclose the nature of their association, in order that the appropriate procedure for facilitating assistance may be followed. Failure to disclose this information may cause immediate termination of the application or a return of program funds after the fact.

### **SECTION 13: FEDERAL DEBARMENT/SUSPENDED LIST**

HUD regulations at 24 CFR Part 24 and 24 CFR Part 85.35, prohibit the use of HUD financial assistance to directly or indirectly employ, award contracts to, or otherwise engage the services of, or fund any contractor or Developer during any period of debarment, suspension, or placement in ineligibility status.

As part of property-specific CDBG-DR grant or loan agreements, developers and other contractors are required to provide certification that neither the developer/contractor nor its

principals are currently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction.

The System for Award Management (SAM) (<https://www.sam.gov/portal/SAM/#1>) is an electronic, web-based system that identifies those parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits.

#### **SECTION 14: MONITORING**

The City will continuously monitor awardees which will provide quality assurance. The City will determine the areas to be monitored, the number of monitoring visits, and their frequency. Any entity administering CDBG-DR funding will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the requirements of 24 CFR Part 58. The City through the Community Development Office will oversee all activities and expenditures of the CDBG-DR funds. Existing City employees will be utilized and additional personnel and contractors may be hired to aid in the administration of, and to carry out, recovery programs. Not only will these personnel remain involved in ensuring that there are layers of financial control, they also will provide technical assistance to the City, and will undertake administrative and monitoring activities to better assure compliance with applicable requirements, including, but not limited to, meeting the disaster threshold, eligibility, national objective compliance, fair housing, nondiscrimination, labor standards, environmental regulations, and procurement regulations at Part 85.

Each activity funded will meet the disaster threshold and one of HUD's three national objectives, with emphasis on achieving the primary national objective of benefiting low and moderate income persons, and will be an eligible activity. The City will perform the monitoring in accordance with a CDBG-DR monitoring plan.

The City will further maintain a high level of transparency and accountability by using a combination of risk analysis of programs and activities, desk reviews, site visits, and checklists modeled after HUD's Disaster Recovery Monitoring Checklists and existing monitoring checklists used in monitoring regular program activities.

The City will determine appropriate monitoring of grants, taking into account prior CDBG-DR grant administration performance, audit findings, as well as factors such as the complexity of the project. The primary purpose of the City's monitoring strategy is to ensure that all projects comply with applicable federal regulations and are effectively meeting their stated goals. The frequency and areas monitored will be determined by a risk analysis. All projects will be monitored at least once on-site during the life of the activity.

The City will determine the areas to be monitored, the number of monitoring visits, and their frequency. The City will continue to follow all guidelines it uses to monitor projects funded under the regular CDBG program. The monitoring will address program compliance with contract provisions, including, but not limited to environmental reviews, fair housing, Section 3 compliance, compliance with the Davis-Bacon Act as well as other labor standard provisions, procurement regulations, fair housing and equal opportunity requirements, and compliance with the OMB A-87, program income, and other CDBG financial requirements.

The City has an established a monitoring plan that governs the oversight of all sub-recipient and interdepartmental contract agreements including: Community Development Block Grant (CDBG); HOME Investment Partnership Program; and Emergency Solutions Grant (ESG). This monitoring plan will be implemented for the CDBG-DR Program with internal monitoring via the DRGR System, project reports, and strong internal procedures. For these projects and others implemented by City departments (such as Public Works), the City staff fully understands and incorporates program requirements. The City's program also undergoes an annual performance audit, to insure compliance with HUD regulations.

### **Monitoring Objectives**

The City's Community Development Department will be knowledgeable about the content and operation of the City's compliance and ethics guidelines. The City will exercise reasonable oversight for the implementation and effectiveness of any sub-recipient programs, through the following objectives:

- Assuring that sub-recipients with operational responsibility are monitored through regular ongoing risk assessment; regularly performing and reviewing risk assessments; and recommending and assuring that appropriate steps are taken to design, implement, or modify compliance activities to reduce the compliance risks identified by risk assessments.
- Assuring that compliance roles and responsibilities are clearly established across the sub-recipients system and that due care is taken in delegating substantial authority.
- Assuring that sub-recipients implement standards of conduct, policies, procedures and internal control systems reasonably capable of ensuring compliance and reducing misconduct within their organization.
- Exercising reasonable oversight over compliance activities, to include requesting and receiving information on the implementation and effectiveness of the compliance and ethics program from individuals with day-to-day operational responsibility.

- Assuring that the sub-recipients compliance standards, procedures and expectations, are effectively communicated through technical assistance and other appropriate means.
- Assuring that reasonable steps have been taken to achieve compliance with regulations, policies, and procedures throughout the sub-recipient's organization through the use of reasonably designed auditing and monitoring systems as well as periodic evaluation of the compliance program's effectiveness.
- Assuring that sub-recipients maintain an effective mechanism for employees to report or seek guidance regarding potential or actual wrongdoing, including mechanisms to allow for anonymous reporting, and appropriate safeguards to protect against potential retaliation.
- Assuring that compliance is promoted and enforced consistently throughout the sub-recipient agency.
- Reporting on the implementation and effectiveness of the compliance program.
- Taking such other actions, or making such other recommendations, as are necessary to promote an ethical organizational culture.

### **Team Members**

Monitoring will be carried out primarily by the CDBG-DR Division and the Accounting Division. The Director will oversee all monitoring activities.

### **Monitoring Activities**

The monitoring activities will consist of comprehensive and thorough procedures to meet the monitoring objectives above. These procedures and monitoring activities will be documented through the project life cycle and will vary according to their need. The CDBG-DR Division and the Accounting Division will conduct reviews, monitoring, and internal audits of sub-recipients at the Community Development Department and onsite at any sub-recipients' place of business.

A comprehensive system has been developed by the City for sub-recipients in order to insure compliance with program and budget requirements. This system will be used for the CDBG-DR Grant. In the event that the City has contractual agreements with sub-recipients those agreements will require compliance with programmatic statutes and regulations. The City is responsible for ensuring that sub-recipients comply with all HUD regulations and are achieving their performance objectives within the contractual schedule and budget and performance measurement system. Per HUD's recommendation, the City utilizes a coordinated project monitoring process, including coordinated fiscal and program on-site monitoring visits.



Main program files for CDBG-funded programs and projects are maintained within City’s central file system, but the programs and projects are managed by program delivery staff within their respective departments. The City has primary responsibility for long-term compliance with program and comprehensive planning requirements. In addition, City staff members oversee the fiscal monitoring of all activities funded through CDBG, HOME, and ESG.

The CDBG-DR monitoring process will include these essential components:

**INITIAL EVALUATION** – An initial evaluation will be conducted for each sub-recipient and sub-grantee. This initial evaluation will take place during project development and once a contract has been executed. The initial evaluation will consist of a survey and a number of questions designed to assess the risk factors and the need for additional monitoring.

**PRE-MONITORING** – Pre-monitoring will primarily consist of technical assistance and on-site reviews of sub-recipients. The purpose of pre-monitoring is to more specifically review the policies and procedures of the sub-recipients in meeting their compliance objectives. It will also determine the adequacy of the on-going monitoring efforts and program objectives.

**PROGRESS REPORTS**— all sub-recipients are required to submit status reports to their CDBG-DR Division. Reports are reviewed by Program Manager to ensure that sub-recipients are undertaking the activities contained within the Scope of Service and that they have achieved or are making diligent efforts to achieve the goals and objectives contained within the contract.

**MONITORING SCHEDULE**—CDBG-DR Divisions maintain a master contract schedule to track the dates and results of monitoring for all sub-recipients, contractor, developers, etc. The schedule measures each contract against six risk factors.

RISK FACTOR 1: Sub-recipient is new to the program

RISK FACTOR 2: Turnover of key staff

RISK FACTOR 3: Prior compliance or performance problems

RISK FACTOR 4: Sub-recipient is carrying out a high risk activity (e.g. economic development)

RISK FACTOR 5: Multiple CDBG Contracts for the first time

RISK FACTOR 6: Reports not turned in on time

Any contract not included in the program monitoring schedule is subject to “bench monitoring.” This process involves contract scope review and review of monthly report forms and monthly narratives submitted by the sub-recipient.

**ON-SITE MONITORING**—a notification letter is sent to the sub-recipient, contractor, developers, etc., confirming the date and the scope of the monitoring and a description of the information that will be required at the visit. At the visit, the monitor reviews project files to verify: (1) that

the activities undertaken by the sub-recipient are appropriate to satisfy the contractual obligations; (2) the accuracy of the information contained within the monthly progress reports; and (3) that the sub-recipient is properly administering and implementing the program within federal guidelines. In addition, the monitor ensures that the sub-recipient is achieving or making diligent efforts to achieve the goals and objectives stated in the contracts scope of service.

**FOLLOW-UP**—as a follow-up to a monitoring visit, the monitor will send a determination of compliance letter notifying the sub-recipient of the monitoring results. The letter will detail the purpose of the visit, provide feedback, and address areas for improvement, if necessary. If the monitor identifies findings, a corrective action plan will be required. If the monitor has any concerns, specific recommendations will be provided to the sub-recipient. The sub-recipient will be required to provide to the City a written response describing how the sub-recipient will resolve any findings and correct any deficiency identified in the letter. Upon receipt of a sub-recipient’s response to identified findings or concerns, the monitor will determine if a follow-up site visit is necessary to ensure that (1) corrective action was taken; and (2) the agency is now complying and performing in accordance with its contract. If the CDBG-DR Division/Accounting Division is not satisfied with the corrective action taken by the sub-recipient, the findings are sent to the Director for further action.

**CLOSE-OUT** – This operation will generally follow the close-out procedures as required by HUD and the City. The CDBG-DR Division will be responsible for closing out projects and reconciling program activities. This will ensure proper documentation and close-out procedures are met.

**LONG TERM COMPLIANCE**—Projects that have long-term compliance requirements are monitored annually to ensure compliance with funding terms. The City’s monitoring policy requires unit inspections and tenant rent and income certifications of Federally-assisted properties. All rental units subsidized with CDBG, HOME and Lead Based Paint Hazard Control funds must be recertified to determine that the rent and/or income remains in compliance with the HUD rent and/or income limits for the project and that the units are occupied by income-eligible tenants. In addition, every Federally-assisted unit is inspected to determine compliance with HUD’s Housing Quality Standards.

## **SECTION 15: TIMELINESS OF EXPENDITURES**

The City uses regular monitoring and reporting to ensure that timeliness standards are met. The CDBG-DR Action Plan in DRGR will provide quarterly spending estimates and completion targets for each project. The CDBG-DR Division will track expenditure and completion targets on a monthly basis. At the time of each quarterly report in DRGR, the CDBG-DR Division will compare the actual expenditures and completion rates against the

projected expenditures and completion rates within DRGR. The CDBG-DR Division will identify any discrepancies and report the findings to the Director. Where there are discrepancies, the CDBG-DR Division will work with sub-recipients to create a plan to return to the anticipated schedule or revise the schedule as necessary. Adjustments and revisions will be submitted to the Director for pre-approval before moving forward to the City Council for final approval. Once approved, the adjustments and revisions will be entered into DRGR. Where projects become stalled and will be unable to be completed timely, the CDBG-DR Division/Accounting Division will reprogram funds to a different activity within the current Action Plan. All revision will be entered into DRGR by the CDBG-DR Division in the next quarter after the project/activity has been cancelled and funds have been identified.

## **SECTION 16: SUB-RECIPIENT REQUIREMENTS**

Sub-recipients are required by the City to follow all applicable laws, standards and regulations related to the HUD CDBG-DR Program as well as all other State, Local and Federal laws. As described in Section 15: Monitoring, the City has established strict reporting and compliance measures for all sub-recipients.

Prior to executing the contract, the following need to be resolved to the City's satisfaction within 90 days after the contract award date:

- "Readiness to proceed" issues regarding the current award; and
- Outstanding issues on existing contracts regarding compliance with program requirements.

The City desires that each sub-recipient performs all projects in a timely manner meeting all reporting and compliance measures. The City requires sub-recipients to demonstrate capabilities and capacity to perform all duties required by contract with the City. The City provides technical assistance to ensure that sub-recipients have policies and procedures in place to meet the requirements of all State, local, and Federal laws. Additional reporting requirements (i.e., annual audits, contractual obligations, labor and minority business enterprise reports, as applicable) will be specified in the contract documents.

## **SECTION 17: AUDITS**

### **Audit Requirements**

Audits are required for non-Federal entities that expend more than \$500,000 or more in a year of Federal awards. The City undertakes an annual outside audit performed according to the standards of [OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."](#) An outside audit pursuant to OMB A-133 is required for all sub-recipients expending \$500,000 or more a year. This requirement is included in all sub-recipient

agreements. Audits must be undertaken annually, with one exception. Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits biennially.

### **Uniform Administration Requirements**

The City complies with requirements set forth in the following:

OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments"

This circular establishes principles and standards to provide a uniform approach for determining allowable costs under Federal grants and other agreements with states and local governments and Indian tribal governments. 24 CFR 85 "Administrative Requirements for Grants and Cooperative Agreements for State, Local, and Federally Recognized Indian Tribal Governments"

These regulations set forth uniform requirements for financial management systems, procurement, reports and records, and grant close-outs for recipients of Federal grant funding. Nonprofit sub-recipients must comply with requirements set forth in the following:

OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

This circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other nonprofit organizations.

OMB Circular A-122 "Cost Principles for Non-Profits"

This circular establishes principles for determining allowable costs under grants, contracts, and other agreements with nonprofit organizations.

### **Allowable Costs**

To be allowable under Federal awards, costs incurred by the City or any sub-recipient of Federal dollars must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- Be authorized under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

- Be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be adequately documented.

The City and contract awardees are subject to the Single Audit Act. A Single Audit encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant. All findings and associated evidence will be reported directly from the independent Certified Public Accountant to the Office of Internal Audit and the Commission. A corrective Action Plan is then completed by the City and submitted to the independent Certified Public Accountant to accompany the Audit file of that year.

## **SECTION 18: FAIR HOUSING & EQUAL OPPORTUNITY EMPLOYMENT**

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability).

The City is committed to the spirit and intent of these various laws, rules and regulations in the administration and operation of this program and will strive to ensure that all applicants receive fair access and treatment in the receipt and review of all applications in response to request for assistance and in the distribution of its funding resources for programs and services based on availability.

## **SECTION 19: UNIFORM RELOCATION REQUIREMENTS**

The City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of CDBG activities pursuant to 24 CFR 570.606.

When contemplating any project or program, the City shall:

- Gather complete information identifying all tenants and owners who might be affected.
- Immediately inform any tenant or owner that they are entitled to information and counseling and they should not move unless specifically required to do so until they have received formal notices. Inform them that moving before that has occurred may cause them to give up rights.

Generally, a displaced person under the URA is an individual, family, partnership, association, corporation, or organization which moves from their home, business, or farm or move their personal property, as a direct result of acquisition, demolition, or rehabilitation for a federally funded project. Relocation of displaced persons shall be in conformance with Section 104(d) of the Housing and Community Development Act and the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 as amended, with the exception of the waivers granted in the Federal Register Notice dated March 5, 2013.

## **SECTION 20: FEDERAL LABOR STANDARDS & DAVIS-BACON WAGE RATES**

Federal labor standards provisions are applicable to construction work financed in whole or in part with CDBG-DR funds, except that construction work involving residential property with less than 8 units is exempt. Federal labor standards provisions involve 3 key requirements:

1. Payment of not less than prevailing (Davis-Bacon) wage rates to all laborers and mechanics employed by contractors and subcontractors;
2. Compensation for overtime hours (hours worked over 40 in a work week at the site of the covered work) at no less than 1 ½ the regular basic rate of pay;
3. The certification and submission of weekly payroll reports for each week work is performed at the site of the covered work.

Both Federal and State Labor Standards and Prevailing Wages are included in all CDBG-DR bids and contracts distributed by the City.

Contractors are required to submit weekly certified payrolls forms throughout the duration of work performed that document prevailing wages paid to all eligible employees. Certified payroll forms are reviewed by the CDBG-DR Division for compliance with both federal and state prevailing wage requirements. Original certified payroll documents are retained by the City.

## **SECTION 21: INSURANCE REQUIREMENTS**

All Contractors/Vendors/Developments/Sub-recipients, with the exclusion of internal City Departments, that will be receiving and/or administering CDBG-DR funds shall provide certificates of such insurance at the time of execution of contract:

- 1) Worker's compensation and employer's liability insurance as required by The City of Birmingham providing coverage for all claims.
- 2) Comprehensive automobile and vehicle liability insurance covering claims based on personal injuries, including death, and/or damages to property arising from use of motor vehicles, including onsite and offsite operations, and owned, non-owned, or hired vehicles, with not less than \$1,000,000.00 single limits and \$2,000,000.00 aggregate limits.

3) Commercial general liability insurance covering claims based on personal injuries, including death, or damage to property arising out of any act or omission of the Contractor/Vendor/Developer/Sub-recipient or of any of its employees, agents, or subcontractors, with not less than \$1,000,000.00 single limits and \$2,000,000.00 aggregate limits.

The City of Birmingham shall be named as an additional insured and the Contractor/Vendor/Developer/Sub-recipient waives subrogation against the City as to say policies. The policies will provide that they will not be cancelled without 30 days prior notice to the City. The insurers will be authorized to do business in Alabama. The Contractor/Vendor/Developer/Sub-recipient shall require the same insurances from its Sub-contractors.

**Title Insurance** Developers of CDBG-DR funded projects that include acquisition and development shall provide the City with title abstracts as requested. In addition, the Developer shall provide and maintain title insurance on the property to the City in an amount equal to 100% of the grant amount.

## **SECTION 22: ENVIRONMENTAL REVIEW**

CDBG-DR requires that an environmental review be completed for every activity before funds (even non-CDBG-DR funds associated with the activity) are committed or expended. Such environmental reviews must comply with the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. An environmental review must be conducted considering federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, man-made hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others.

In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third party partners cannot take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and the jurisdiction has received a Release of Funds approval.

### **Tier I Review: Target Area Assessment**

The City conducted a tiered environmental review under 24 CFR 58.15 for the CDBG-DR Action Plans.

A tiered environmental review allows for a general assessment of the impacts of an activity on the environment prior to identification of a specific site. The Tier 1 review addresses and analyzes those environmental impacts related to the proposed activities that might occur on a

typical site within the geographic area. The Tier 1 review also assesses project effects related to a longer list of environmental factors (e.g., compatibility with surrounding land uses, conformance with zoning plans, nuisances that affect site safety, displacement of people or businesses, solid waste management, etc.). All environment compliance requirements satisfactorily resolved in this first level of review, meaning findings of no significant impact or impact requiring mitigation, are excluded from any additional examination or consideration once the Tier 1 review is completed. The Tier 1 review identifies those compliance requirements that cannot be resolved until specific project locations become known. Site specific issues that cannot be resolved in a Tier 1 review may include: aboveground storage tanks that present a safety hazard to buildings and occupants of buildings; new residential units located in close proximity to a freeway that generates high levels of noise; soils that aren't suitable for multifamily structures; asbestos removal that may be necessary; or other potential impacts. The Tier 2 Site Specific Review will address such issues.

### **Tier II: Site Specific Project Review**

A review for each individual property is required once sites are selected. The Tier 2 review focuses only on the environmental compliance requirements that could not be resolved in the Tier 1 Target Area Assessment. The City performs the Tier 2 review. When the City identifies specific properties or sites within the target area and is ready to obligate funds (e.g. to buy a property, finance repairs, demolish a structure, etc.) the City will use the written standards, checklists and narratives set forth in the Tier 1 review process to determine if there are any environmental issues associated with the site. This Site Specific Project Review documents in writing that compliance standards for the specific project are met, and that required mitigation measures, if any, will be incorporated into the project.

The Tier 2 review must be completed before funds (including non-CDBG-DR funds) are committed or expended on the project. The Tier 2 Site Specific Project Review will be maintained in the project files.

### **SECTION 23: FEMA IDENTIFIED FLOOD ZONES & NATIONAL FLOOD INSURANCE**

The City will be including a review of FEMA Flood Hazard Zone maps during the environmental review process. Each construction/rehabilitation/repair project will be individually evaluated for flood risk.

If a project is identified to be located within a FEMA Flood Zone, the City will ensure that any residential, commercial and/or infrastructure projects account for increased flood risk resulting from a variety of factors by elevating and/or otherwise flood proofing to one foot above the elevation recommended by the most recent available federal flood guidance.

The specific steps that these types of structures will need to take include:



- Elevating – the standard would require structures to elevate their bottom floor one foot higher than the most recent flood risk guidance provided by FEMA; and/or
- Flood-Proofing – In situations where elevation is not possible, the standard will require structures to prepare for flooding a foot higher than the most recent flood risk guidance provided by FEMA – for example, by relocating or sealing boilers or other utilities located below the standard of elevation.

Funding will not be approved for acquisition or construction for use in any area that has been identified as having special flood hazards and is not participating in the National Flood Insurance program.

#### **SECTION 24: LEAD-BASED PAINT AND LEAD HAZARDS**

Projects that involve the acquisition or renovation of a property built prior to 1978 must be tested for lead based paint. Interim controls and safe work practices are required during construction. In addition, housing assisted with federal funds is subject to the:

- Prohibition of lead-based paint
- Testing all painted surfaces with a HUD approved XRF of any areas that will be disturbed in the renovation of houses built before 1978.
- Elimination of immediate lead-based paint hazards in residential structures
- Notification of the lead hazards of lead-based paint poisoning to purchasers and tenants of residential structures constructed prior to 1978

Paid renovators and multi-family housing maintenance workers who work in pre-1978 housing and child-occupied facilities will be required to meet the training and certification requirements of both HUD – Lead Safe Housing Rule (LSHR) and EPA – Renovation, Repair and Painting Rule (RRP). Paid renovators include renovation contractors, painters and other specialty trades.

#### **SECTION 25: ACQUISITION AND DEVELOPMENT OF HOME OWNERSHIP**

Acquisition and development for homeownership is a CDBG-DR eligible activity under 24 C.F.R. § 570.204(c), and meets the national objective of low/moderate income housing. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

##### **Income-Qualified Purchaser**

Units may only be acquired by Income-Qualified Households earning less than or equal to 120% of Area Median Income (AMI). The 120% AMI limits for the City of Birmingham for 2016 are as follows:

Annual household income is the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the Family (other

Income Level	Program Type	Percentage Category	Number of Persons in Household							
			1	2	3	4	5	6	7	8
<i>Extremely Low (0-30%)</i>	CDBG/DR 0-80%	<b>30%</b>	13,450	15,400	17,300	<b>19,200</b>	20,750	22,300	23,850	25,350
<i>Very Low (31% - 50%)</i>		<b>50%</b>	22,400	25,600	28,800	<b>32,000</b>	34,600	37,150	39,700	42,250
<i>Low (51% - 80%)</i>		<b>80%</b>	35,850	41,000	46,100	<b>51,200</b>	55,300	59,400	63,500	67,600
<i>Moderate (81% - 120%)</i>		<b>120%</b>	53,800	61,450	69,150	<b>76,800</b>	82,950	89,100	95,250	101,400
<i>Median 64,000</i>	CDBG-DR									

than children under the age of 18 years), including all net income derived from assets for the 12-month period following the effective date of certification of income. Annual Income specifically includes and excludes certain types of income as set forth in, and shall be determined in accordance with, 24 C.F.R. Part 813 (or any successor regulations).

### **Documenting Income Eligibility and City Approval**

The staff must document income eligibility using source documents. Source documents include items such as wage statements, interest statements, and unemployment compensation statements. Eligibility determinations are based on anticipated income; last year's tax return does not reflect next year's earning (nor does it constitute adequate source documentation).

Calculations and copies of source documents must be forwarded to the City for approval of income eligibility of a purchaser prior to sale.

### **Long-Term Affordability/Continued Affordability**

The City requires that assisted units remain affordable for at least a minimum period. The City's minimum affordability periods are based on what is required in the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254, and are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 years
- Rental New Construction – 20 years

The City's primary use of these CDBG-DR funds is to develop homes in the CDBG-DR target neighborhoods for homeownership. These are neighborhoods which have experienced severe hardship as a result of the 2011 tornado. With available low interest rates, these homes, when sold, are expected to be affordable to a wide range of potential homebuyers, further redeveloping, revitalizing, and stabilizing these areas.

Under HUD rules, the City has three options for ensuring continued affordability of assisted houses:

- **Resale** of the home to the grantee or to another income-eligible buyer;
- **Recapture** all or part of the initial subsidy, via full repayment of the loan, forgiveness of a portion of the principal, or equity-sharing. With recapture, the subsidy funds can be used for another home. Such recaptured funds become Program Income to the CDBG-DR Program;
- **Presumed affordability** of homes in affected neighborhoods. Using analysis of market conditions, the grantee may show that houses will continue to be affordable to LMMI purchasers with conventional mortgage financing.

Initially, the City will use RECAPTURE as the means of ensuring continued affordability.

### **Affordability: Recapture**

The City will enforce affordability restrictions on CDBG-DR properties through recapture. The City elects to use recapture, rather than resale, as the means of affordability restriction, because the recapture option is more suited to stabilizing a market where values are declining, and there are challenges to attracting purchasers to move into the neighborhood. Some of the factors that the City considered in choosing to use recapture are the following:

- The homebuyer may sell the property to any willing buyer.
- The recapture option provides grantees and homebuyers with maximum flexibility.
- The homebuyer can resell the property on the open market to any willing buyer at whatever price the market will bear.
- Lenders are generally comfortable with the recapture option, since it does not restrict or affect the resale transaction until the lender's loan has been repaid.
- The grantee can tailor the level of the homebuyer's risk to market conditions.

With Recapture, the sale of the property during the affordability period triggers repayment of the direct HOME subsidy that the buyer received when he or she originally purchased the

home, provided that this amount may not exceed the net proceeds from the sale of the property.

**Direct subsidy:** A direct subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise subsidizes the purchase (e. g., downpayment or closing cost assistance, subordinate financing, price below market value).

**Net proceeds:** The net proceeds of a sale are the sales price minus closing costs and any superior loan repayments.

### **Principal Residence**

Purchasers of CDBG-DR-developed homes must occupy the properties as their principal residence. These stipulations apply for a principal residence:

- A deed restriction or covenant running with the land should incorporate this requirement.
- The loan documents between the purchaser and the program administrator should also incorporate this requirement.

### **Disclosure Statement**

Prospective purchasers must be given hard copies of preliminary disclosure documents that provide the following:

- An explanation of the CDBG-DR program in general terms and its benefits to buyers and the community.
- Applicant's household size and estimate of monthly income, with a statement that the income amount must be verified prior to the Applicant being approved for CDBG-DR assistance.
- A good faith estimate of the amount (or range of amounts) and terms of Homeowner Financial Assistance that Applicant may qualify for, based on an analysis of Applicant's financial and other data provided.
- A general description of a CDBG-DR buyer's obligations for repayment of subsidies, and recapture controls on homes.

During the intake interview or subsequent face-to-face meeting, a representative of the City will review these disclosures with the Applicant and be available to answer questions about them. No purchase will be approved unless disclosures have been made as required.

### **Deed Restrictions: Principal Residence**

In properties that are produced with CDBG-DR funds for homeownership, the City shall require that purchasers maintain the home as their principal place of residence. In order to enforce these requirements, the City shall require that a deed restriction be placed upon all properties produced with CDBG-DR funds.

### **Proceeds from Sale of CDBG-DR-Developed Properties**

Proceeds from the sale of the Project Property shall be returned to the City at the time of transfer of the property to the qualified purchaser. Proceeds from the sale of the property shall mean: (a) the sale price, plus (b) the sum of all CDBG-DR grants and forgivable loans to the property, plus (c) the sum of any energy rebates or grants to the property, minus:

- (i) the development costs and developer's fee set forth in the individual project budget attached to the property-specific grant agreement, and

Depending on the project, there may be no proceeds.

Funds returned to the City after sale of a project property become Program Income to the City for use in another eligible Project.

### **SECTION 26: REMOVAL OF BLIGHT**

The removal of blight is a CDBG-DR eligible activity under 24 C.F.R. § 570.201(d), and meets the national objective of low/moderate income housing. Recordkeeping guidance for CDBG activities are set forth in 24 C.F.R. § 570.506.

#### **Geographic Area**

Demolition and/or removal of demolition debris must take place within the tornado-impacted neighborhoods. For those properties that are within the tornado impact zone, but not within CDBG target areas, the City will be using the Urgent Need national objective.

#### **Eligible Properties**

Properties that are vacant, blighted, deteriorated beyond repair and necessary to the long-term recovery of the tornado impact zone, will be targeted for demolition. Properties will either be owned by the City and/or privately/publicly owned and court orders will be obtained that allows the City/Municipality to enter private property and demolish the dangerous and/or blighted structures.

#### **General Program Administration**

Respective responsibilities of the Contractor are as follows:

- Removal and abatement of all hazardous materials at each project site, in accordance

with local, state and federal environmental requirements.

- Removal and disposal of all demolition, construction debris from each project site in accordance with local, state and federal requirements.
- Restoration of site, including the filling of foundations, installation of loam, seed and fencing as required by contract.
- Fulfilling all contract terms and submitting all required paper work to the City, including the following documents:
  - Payment and Performance Bonds
  - Proof of insurance
  - Certified payroll statements in accordance with State Division of Labor and Federal Davis Bacon wage rates
  - Permits
  - Proof of Utility Disconnects
  - Close-out packages
  - Hazardous waste manifests
  - Demolition dump slips
- Submitting Section 3 reporting requirements to the City
- Obtaining all necessary permits, ensuring and obtaining documentation of utility terminations, coordinating hazardous material removal with the City's environmental consultant, meeting all labor standard and OSHA requirements.

Respective responsibilities of the Environmental Consultant are as follows:

- Fulfilling all contract terms including submitting testing results, reports, air monitoring results to the City.
- All pre-demolition hazardous testing and reporting and submitting copies to the City.
- All monitoring and oversight of contractor's removal of hazardous material and asbestos contaminated waste and advising the City if there are concerns regarding contractor performance in regards to these areas.

Respective responsibilities of the City are as follows

- Selecting projects and ensuring that projects meet CDBG national objectives and eligibility requirements and appropriately documenting files.
- Assuming all responsibility for the environmental review process in accordance with policies and procedures in Section 23 and compliance with environmental requirements in accordance with Policies and Procedures in Sections 23 and 24.
- Ensuring no Duplication of Benefits occurs in accordance with Duplication of Benefits.
- Ensuring Contractor(s) and Environmental Consultant(s) are not on the Federal Debarment list in accordance with Policies and Procedures in Section 14.
- Reviewing certified payroll statements to ensure compliance with both State and Federal prevailing wage rates in accordance with Policies and Procedures in Section 21.
- Maintaining all file records for projects and ensuring all appropriate documentation is in the file.

Appropriately bidding the jobs in accordance with applicable local, state and federal requirements.

- Drafting, approval, execution and monitoring of contracts.
- Monitoring both contractor and environmental consultant and ensuring compliance with contract requirements.
- Reviewing all payment requests and ensuring that all costs are necessary, reasonable and in accordance with the contract.
- Filing liens against privately owned properties for work completed at the sites.

### **Change Orders**

Contractors must submit all change orders to the City for review and approval before work proceeds. These change orders will be amended into the contract upon the City's approval.

### **Invoices**

Invoices must contain specific items accomplished. Back-up documentation must be included with invoices, which verify all costs and ensure that work was completed as required.

Contractor and Environmental Consultant will submit project invoices and the City will review all invoices to ensure all costs are necessary, reasonable and comply with contract. Invoices will be paid within thirty (30) days of completion of review.

### **Liens**

Liens will be filed in accordance with Court Orders issued according to state law, to recoup the costs of demolition at any privately owned property. Liens will not be filed against City owned properties.

### **Procurement/Contractor Selection Process**

City of Birmingham follows Alabama State Law requirements regarding procurement. The Director and the Law Department of City will ensure adherence to all state, local and federal procurement laws.

Demolition projects will be bid in accordance with Alabama State Bid laws that regulates the procurement of construction projects. Demolition projects will be awarded to lowest, most responsive bidder.

## **SECTION 27: HOUSING REPAIR**

This policy has been developed as a reference guide for the administration and processing of applicants for the CDBG-DR Homeowner Rehabilitation Grant Program (CDBG-DR HRGP). It has been designed to ensure, as much as practicable, a fair and consistent approach in soliciting, selecting, evaluating and determining the eligibility of participating households. The policy further establishes a formal operating format that is intended to be consistent with Community

Development Block Grant – Disaster Recovery (CDBG-DR) rules and regulations that govern this program as an eligible activity.

The CDBG-DR Homeowner Rehabilitation Grant Program assists qualified City households whose primary residence was damaged by the 2011 tornados to complete repairs. The City recognizes that a lack of adequate resources for housing repairs was an impediment for many homeowners impacted by the 2011 tornados. An additional challenge is the age of the present housing stock, particularly in these largely low to moderate-income neighborhoods. Often, available funds from various sources (insurance proceeds, FEMA, SBA loans, etc.) were insufficient to cover the breadth of repairs needed to bring the property up to even the minimum housing quality standards (HQS). The City endeavors to help ameliorate these conditions by allocating a portion of its' CDBG-DR award to help improve the quality and safety of affected homes.

The City, through the Community Development Department, has created the CDBG-DR HRGP using standards set by the Department of Housing and Urban Development. The CDBG-DR HRGP program offers grants to assist eligible low and moderate-income households within Birmingham city limits. It is designed to help those city of Birmingham homeowners directly impacted by the 2011 tornados make needed repairs to their homes.

To be considered for the CDBG-DR HRGP, households must first meet preliminary requirements as outlined:

- The property must be located within the disaster-impacted neighborhoods.
- The home must have been the owner's principal residence on the date of the disaster.
- Total household income cannot be more than 80% of Area Median Income, adjusted for the number of persons residing in the home.
- All property taxes, fees, fines or municipal liens must be current with the City of Birmingham.
- The property must meet all state and local codes, ordinances and zoning requirements upon completion of project.
- Most importantly, there must be disaster related damage to the property and an unmet need without any duplication of benefits. Applicants will be required to submit and certify evidence of any and all assistance received (or lack thereof) at time of application including, but not limited to, any FEMA assistance, SBA loans, insurance proceeds, etc.

### **Eligible Repairs**

The City's Rehabilitation Specialist shall inspect the housing unit to develop a priority list of health and safety hazards and required repairs. All health and safety issues must be cured with the rehabilitation loan and/or other funds available to the homeowner as a condition of this grant program. Any replacement items shall be of similar size, quality, and shape unless noted otherwise. Medium grade and/or construction grade materials shall be utilized only. If the



owner chooses an item which increases the cost due to, but not limited to materials, quality, energy conservation, etc., the difference between the specified cost and the owner’s request shall be the responsibility of the owner.

The CDBG-DR HRGP will provide funds to perform rehabilitation activities and provide materials to achieve minimum compliance with all federal, state and local laws. The maximum grant or loan amount to be awarded to an eligible homeowner will be capped at \$70,000. All substitutions or changes in materials must be submitted in writing and receive approval from the City.

**Ineligible Repairs**

The general physical guidelines for the rehabilitation of existing residential properties will be developed to provide minimum design and construction criteria. Therefore, the City has determined the following as ineligible for repair:

- Additional bathrooms
- Landscaping
- All items of a luxury nature

**Eligible Costs**

In administering the CDBG-DR HRGP program, the City acknowledges that there are expenses necessary in helping qualified homeowners meet established housing rehabilitation standards and will endeavor to ensure that all costs are customary and reasonable in providing this service. The list below conveys many of the eligible costs allowed under the HOME and CDBG programs. Reasonableness of eligible rehabilitation costs will be determined by the Rehabilitation Specialist and approved by the City’s Director of Human-Community Services and Economic Development.

**ELIGIBLE HOMEOWNER REHABILITATION COSTS**

<b>HARD COSTS</b>	<b>SOFT COSTS</b>
<ul style="list-style-type: none"> <li>• Meeting the rehabilitation standards</li> <li>• Meeting applicable codes, standards and ordinances</li> <li>• Essential improvements</li> <li>• Energy-related improvements</li> <li>• Lead-based paint hazard reduction*</li> <li>• Accessibility for disabled persons</li> </ul>	<ul style="list-style-type: none"> <li>• Financing fees (from other lenders)</li> <li>• Title binders and insurance</li> <li>• Recordation fees, transaction taxes</li> <li>• Legal and accounting fees</li> <li>• Appraisals</li> <li>• Architectural/engineering fees, including specifications and job progress inspections</li> </ul>

- Repair or replacement of major housing systems
- Incipient repairs and general property improvements of a non-luxury nature
- Site improvements and utility connections
- Installation of safe rooms
- Project costs incurred by the Office of Disaster Recovery that are directly related to a specific project

***\*Note:** Lead hazard reduction costs are not counted as hard costs for the purposes of determining the level of assistance under 24 CFR Part 35 (Lead Safe Housing Rule).*

### **Allowable Contractors**

The City will not directly or indirectly employ, award contracts, or engage the services of any contractor or sub-recipient during any period of debarment, suspension or placement on ineligibility status. Program staff will review federal and state lists of debarred, suspended and ineligible contractors before any CDBG-DR funds are committed.

Contractors chosen, directly or indirectly, must meet all state licensure requirements and have all necessary insurance coverage for the types of work to be performed on behalf of the homeowner. The information provided by such contractors will be kept on file.

The minimum requirements for contractors are as follows:

- A. Alabama Contractor’s license or trade license; or
- B. Registration as an Alabama Home Improvement Contractor;

Additionally, all contractors must have proof of:

- A. Workman’s compensation insurance at statutorily required limits; and
- B. Property and liability insurance; and
- C. Demonstrated experience in the appropriate trade(s).

The certificate of insurance shall include property damage and liability insurance with appropriate limits and amounts that indemnify City of Birmingham, the property owner, and any sub-contractor against claims for injury and damage which may occur or result from work performed pursuant to a contract agreement. The certificate of insurance shall further list the homeowner as an additional loss payee.

### **Marketing & Outreach**

The City is committed to ensuring that its programs and services are available and accessible to all income eligible households. The City will operate this program within the context of fairness in order to promote awareness of available programs and services. The City affirmatively strives to encourage and further fair housing initiatives, whether acting on its own, or with and/or through, other public and private-sector organizations.

The CDBG-DR HRGP will be marketed through a variety of print and broadcast media outlets. Program availability and information will be conveyed through direct mailings, informational meetings, press releases, newspaper ads, public notices to local agencies serving low and moderate-income households, religious establishments and on the City's official website.

### **Selection Process**

The City will receive, review and process applications on a first-come, first-served basis. However, to ensure program funds address housing rehabilitation with more critical needs, applications involving emergencies, the elderly, and those seeking to address accommodations for those with disabilities will take priority over applications received that are not of an urgent nature. City staff reserves the right to assign priority status to any emergency application as necessary.

### **Eligible Applicants**

The program is available to owner-occupants of the City of Birmingham only and is reserved for homeowners who maintained the property as their primary place of residence on the date of the disaster. Proof of homeownership is required and shall be evidence by a copy of a deed indicating the name(s) of the applicant(s), length of ownership, and the property having a physical location within the designated areas.

Dwellings that are investor-owned and unoccupied by the owner will not be eligible to participate in this program.

### **Ownership and Residency**

Ownership status in the property is supported by documentation of physical evidence that the owner(s) of record actually reside in the property under consideration for assistance.

Documentation that meets these criteria will consist of the following:

- A. Copy of Deed;
- B. Leasehold Agreement;
- C. Trust Agreement;
- D. Copy of most recent mortgage billing statement; and
- E. Copy of most recent utility billing statements to including service for cable or phone.
- F.

Further, sufficient source documentation showing that the home was the owner's principal place of residence on the date of disaster will be required.

## Income

HUD establishes income guidelines for CDBG-DR program participation. HUD calculates these income levels annually and sets forth the maximum limit at 80% of Area Median Income (AMI), adjusted for family household size. Consequently, these amounts may change without notice during the program year. City staff should refer to the HUD web site at: [www.hud.gov](http://www.hud.gov) for updates. The table below outlines the maximum household income for 2016:

Income Level	Program Type	Percentage Category	Number of Persons in Household							
			1	2	3	4	5	6	7	8
<i>Extremely Low (0-30%)</i>	CDBG/DR 0-80%	<b>30%</b>	13,450	15,400	17,300	<b>19,200</b>	20,750	22,300	23,850	25,350
<i>Very Low (31% - 50%)</i>		<b>50%</b>	22,400	25,600	28,800	<b>32,000</b>	34,600	37,150	39,700	42,250
<i>Low (51% - 80%)</i>		<b>80%</b>	35,850	41,000	46,100	<b>51,200</b>	55,300	59,400	63,500	67,600
<i>Moderate (81% - 120%)</i>		CDBG-DR	<b>120%</b>	53,800	61,450	69,150	<b>76,800</b>	82,950	89,100	95,250
<i>Median 64,000</i>										

THE CITY WILL USE THE 24 C.F.R PART 5 (“SECTION 8”) DEFINITION OF ANNUAL INCOME IN DETERMINING THE ELIGIBILITY OF PROGRAM PARTICIPANTS.

### Income Eligibility

The City limits participation in this program for existing homeowners earning no more than 80% of Area Median Income, as defined by the Department of Housing and Urban Development (HUD).

Household income may not exceed the income limits in effect at the time of application.

Income is defined as the income earned from all household members age 18 years and above. Adult members, 18 to 23 years of age, who are attending school away from home on a full-time basis, require that the first \$480.00 in earned income be included in the calculation of household income. Income includes earnings from employment, unemployment, government benefits, investments, other cash-generating activities, and etc. Refer to the Technical Guide for Determining Income and Allowances (“The Purple Book”) for a complete list of acceptable types of income and whose income to count.

- A. Income from employment for full-time employees will be calculated from the applicant's most recent pay stub covering a 90-day pay period, and projected forward at the same level of earnings for the next 12 consecutive months;
- B. For part-time hourly employees, Disaster Recovery staff will calculate the year-to-date income from the most recent pay stub and divide the earnings by the number of weeks covered through the year, in order to find the average amount of weekly earnings. The weekly earnings will then be multiplied by 52 and divided by 12 to calculate monthly gross income. If the year-to-date income covers less than three months in the current year, staff may include the average year-to-date earnings from the prior calendar year in addition to the current year;
- C. Income from overtime, commissions, ongoing stipends, shift differential pay, and other sources will be averaged (using year-to-date earnings) and included in the applicant's gross monthly income. Exceptions may be considered for applicant's receiving one-time, non-recurring bonuses or relocation benefits;
- D. Interest income from investments such as savings, money market, certificates of deposit, dividend income from mutual fund accounts and other income-generating assets will be included in the applicant's household income;
- E. Current monthly income payments from retirement accounts (including social security and pensions), alimony, and other steady, ongoing sources will be included in the applicant's gross monthly household income calculation; and
- F. All forms of income from non-applicant spouses and other adult household members will be included in the gross monthly income calculation, regardless of the taxability of such income;
- G. Income from seasonal and part-time jobs such as coaching, lecturing, test proctoring, etc., will be included in the definition of household income, when the work can reasonably be expected to continue into the future.

### **Self Employed Borrowers**

For self-employed borrowers, the following documents may be required:

- A year-to-date profit and loss statement prepared and signed by a Certified Public Accountant, with information covered through the last quarter;
- A year-to-date-balance sheet, prepared to reflect the financial position of the business at a specific point in time; and/or
- A signed letter of explanation regarding the applicant's anticipated gross annual income from earnings covering the next 12 months.

Verification of income must be completed before assistance is provided.

Income will need to be re-certified if more than six (6) months has elapsed beyond the initial time funding was approved.

## **Property Standards**

All dwelling units that require rehabilitation must meet all applicable state and local building codes, zoning ordinance requirements and federal HQS. The City will require home rehabilitation to meet or exceed current Alabama State Building Code, and the State Sanitary Code that stipulates the minimum standards for human habitation.

The City encourages the incorporation of “Green” building improvements when economically feasible to provide long-term affordability, increased sustainability through lower fuel costs, and attractiveness of housing and neighborhoods. Rehabilitated residential units are also encouraged to meet “Energy Star” certification, which provides added benefits to homeowners through improved standards for energy efficiency that ultimately lead to greater long-term affordability. Properties found to be in gross states of disrepair will not be considered economically viable for funding under the CDBG-DR HRGP. Program applicants seeking financial assistance for rehabilitation work beyond the economic means and scope of work of the program must consider private financing sources for loan arrangements that may be able to address that level of need. The amount of assistance is limited to a one-time occurrence per property and is subject to availability.

## **Structure of CDBG-DR Homeowner Repair Assistance**

The City will administer the CDBG-DR HRGP. This is not a loan and requires no monthly payments. The City will administer the CDBG-DR using the City’s CDBG Homeowner Rehab Program guidelines and procedures.

## **SECTION 28: INFRASTRUCTURE**

The City of Mobile’s CDBG-DR Action Plans allocate funds Infrastructure Projects. HUD has approved these Action Plans and entered into a grant agreement with the City. Infrastructure Projects are a CDBG-DR eligible activity under 24 C.F.R. § 570.201(c) and meets the national objective of low/moderate income area benefit.

This guidebook sets forth the requirements that apply to the City’s Infrastructure Program.

### **General Program Information**

The City will be simultaneously implementing several separate Infrastructure Projects within the tornado impact zone.

These are a combination of projects that are a direct result of the disaster and that are part of the long-term recovery of the neighborhood that will leave the community sustainably positioned to meet the needs of the post-disaster population and will assist in furthering prospects for growth.

### **CDBG-DR Division**

The City will have a full-time CDBG-DR Division who will operate out of Community Development Department and report on DR projects to the Director of Community Development. The CDBG-DR Division will be responsible for coordinating the planning, development, design, construction, monitoring, reporting and completion of all infrastructure CDBG-DR projects.

## **SECTION 29: PUBLIC FACILITIES**

Construction of public facilities will consist of building dual purpose community storm shelters in the areas impacted by the April 2011 tornado. The City of Birmingham located in “tornado alley” and has experienced five (5) tornados since 1956. These tornados have ranged in capacity from EF-3 to EF-5.

Applications will be received from communities requesting this form of assistance and required to document the need for the facility.

The April 27, 2011 tornado caused millions of dollars of damage in the City of Birmingham and killed 21 persons. On January 23, 2012, another major tornado struck the City of Birmingham and killed two (2) persons.

The dual purpose community storm shelters will be built to FEMA standards in order to withstand high winds and provide a safe haven for the citizens in the impacted areas.

Public facilities will require a licensed architect, which will be procured by Request for Proposals (RFP) to design the facilities in accordance with FEMA standards, as well assist in bidding the project and construction management.