



State of California
Department of Housing and Community Development

2023 Manufactured Home Replacement and Elevation Program

Subrecipient Implementation Guide

Overview

1. Purpose: Provide guidance and oversight to Subrecipients participating in HCD's Manufactured Home Replacement and Elevation Program
2. Applies to: All HCD employees, subrecipients, consultants and contractors implementing the 2023 Manufactured Home Replacement and Elevation program.
3. Cancels: None
4. Originator: Federal Recovery Housing Programs Branch, Division of Federal Financial Assistance

Version	Approved By	Effective Date
1.3	Stacy Rodgers, Branch Chief	April 7, 2026

Version Policy

Version history is tracked in the table below with notes regarding version changes. The dates of each publication are also tracked in the table.

Substantive changes within this document that reflect a policy change results in the issuance of a new version. Future policy changes will result in additional revisions and the issuance of a new primary number version.

Non-substantial changes, such as minor wording and editing or clarification of existing policy that do not affect the interpretation or applicability of the policy, are included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 1.1, 1.2, etc.

Version History

Version Number	Date Revised	Description of Revisions
1.0	NA	Initial Draft: Subrecipient Implementation Guide is <u>subject to change</u> at the sole discretion of HCD.
1.1	June 26, 2025	Initial Draft: Non-substantive revisions made to Section 4, Federal Requirements. All revisions are highlighted in yellow.
1.2	November 6, 2025	Initial Draft: Increased the maximum award from \$350,000 to \$500,000
1.3	April 7, 2026	Final Draft

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2023 Community Development Block Grant – Disaster Recovery Manufactured Home Replacement and Elevation Program Subrecipient Implementation Guide

1 General

1.1 Purpose and Scope

This document addresses policies and procedures specific to implementation of the Community Development Block Grant – Disaster Recovery (CDBG-DR) Manufactured Home Replacement and Elevation Program (MHRE or Program). Subrecipients should review all applicable Federal regulations, disaster-specific Federal Register Notices (FR), the state’s CDBG-DR Action Plan, as amended from time to time, and the most recently published Grants Administration Manual (along with its Mitigation Addendum) and applicable CDBG-DR Management Memos for detailed discussions of CDBG-DR procedures and requirements, including rules for specific Projects, eligibility, Program deadlines, protocols for demonstrating capacity, and specific eligible and ineligible costs.

1.2 Background

From late December 2022 through early April 2023, California endured at least 12 atmospheric river storms, corridors of air that can carry massive amounts of water over thousands of miles, producing cascading impacts including landslides, sinkholes, and downed trees that damaged roads and homes.

On January 14, 2023, President Joseph R. Biden, Jr. declared that federal disaster assistance has been made available to the State of California to supplement state, local and tribal recovery efforts in the areas affected by severe winter storms, flooding, landslides, and mudslides beginning on December 27, 2022, and continuing through January 31, 2023. All told, the declaration covered 14 counties, including Alameda, Amador, Calaveras, Contra Costa, Mendocino, Merced, Monterey, Sacramento, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, and Ventura.

HUD has allocated \$115,022,000 in CDBG-DR funds to the State of California in response to FEMA DR-4683, through the publication of the Federal Register, Vol. 88, (88 FR 82982) November 27, 2023. This allocation was made available through the Disaster Relief Supplemental Appropriations Act, 2023 (division B of Public Law 117-43) and allocates remaining funding made available through Public Law 117-328.

As a part of the State’s Unmet Needs Analysis, Disaster Case Management Providers (DCMPs) and local governments identified the greatest owner-occupied post-disaster housing recovery needs as those related to manufactured housing units in mobilehome

parks impacted by DR-4683. The damage data demonstrated recovery needs across all five Most Impacted and Distressed (MID) Areas. The California Department of Housing and Community Development (HCD) has dedicated a total of \$35.25 million of the allocation from HUD to create the Program. The primary objective of the Program is to assist local jurisdictions with replacing these mobilehome units lost or damaged due to disaster DR-4683 and mitigate them against future disaster risk.

2 Program Details

The primary objective of the MHRE Program is the provision of decent, safe, and sanitary housing in the areas impacted by the DR-4683 disaster. Additionally, the Program is designed to ensure that the housing needs of very-low, low-, and moderate-income households and vulnerable populations, including individuals who were made homeless as a result of the disaster, are addressed to the greatest extent feasible. Furthermore, the Program will not only address disaster-related damages but also will mitigate potential future damage. The maximum amount of CDBG-DR assistance available for each eligible Applicant is \$500,000 after accounting for any duplication of benefits.

2.1 Available Assistance

2.1.1 Mobilehome replacement

Qualifying Manufactured Housing Units (MHUs) or Mobilehomes damaged or destroyed by the 2023 floods will be replaced with new, Program standard MHUs. The Program will not make repairs to existing MHUs or Mobilehomes – qualifying units must be replaced. The Program and its vendors will remove and dispose of the existing damaged unit (if still present on the lot/pad), procure a replacement MHU, haul it to the Applicant's pad/lot, and install it to applicable federal, state, and local building codes.

Replacement units are sized to match the MHU or Mobilehome they are replacing. For example, singlewide units will be replaced with singlewides and doublewide units will be replaced with doublewides. Subrecipients may consider exceptions to this provision due to a change in household size and will be considered on a case-by-case basis.

Subrecipients must provide Applicants the opportunity to request design accommodations for any disabled members of their household such as widened doorways, lever handles, and similar modifications for usability.

2.1.2 MHU elevation

Qualifying MHUs and Mobilehomes replaced by the Program will be installed at a height no lower than 2 feet above Base Flood Elevation (BFE) in the area. The Program will only install and elevate units replaced by the Program. The Program does not elevate beneficiary-provided units.

The Program provides ramps, landings, and other appropriate site improvements to provide safe ingress and egress from all installed MHUs. The Program may provide additional accessibility options for Applicants as required by Section 504.

MHU elevation may be achieved by any of the following elevation methods:

- Pier & Beam System
- Perimeter Wall or Foundation
- Piles (Helical, Screw and Driven)

MHUs may not be installed on top of compacted fill to achieve the required elevation.

2.1.3 Temporary relocation

Temporary Relocation Assistance to owner-occupants is allowable at the Subrecipient's discretion.

Tenants are required to temporarily relocate from the property during construction. The Program can cover certain costs associated with tenant relocation. See 49 CFR part 24 Uniform Relocation Act (URA)

2.2 Program Requirements

2.2.1 National Objective

In accordance with 24 CFR 570.208, Section 104(b)(3) of the HCDA, and as further outlined within the waivers and alternative requirements at 88 FR 32046, all CDBG-DR funded activities must meet a National Objective. All MHRE Program activities must meet the LMI Benefit, LMI Housing National Objective.

2.2.2 Eligible Subrecipients

Eligible Subrecipients are the following five (5) county-level jurisdictions which have been deemed MID Areas by HUD or their non-profit designees:

- Santa Cruz County
- Merced County
- San Joaquin County
- Ventura County
- San Louis Obispo County

2.2.2.1 Eligible Subrecipient Partners

As needed, Subrecipients receiving an MHRE program allocation may submit an implementation proposal for the MHRE program that includes a local government, special

district, Nonprofit Organization, Tribal Entity, or other similar entity as a partner for a Project that meets program requirements. However, the Subrecipient submitting the implementation proposal will be the program Subrecipient of record and primary contact. The Subrecipient will certify their capacity to carry out project activities, will be the Subrecipient and fiscal agent to HCD, and will be wholly responsible for complying with all the HCD grant terms as the signatory of the Standard Agreement. Joint signatories to the Standard Agreement will not be accepted. The Subrecipient is required to submit documentation that the partner is not debarred.

An entity meeting any of the characteristics of a Contractor as listed below cannot be considered a partner to the Subrecipient. An entity meeting the definition of Contractor must be procured by the Subrecipient and enter into a services contract.

Contractor: Contractor means a procurement relationship between a non-Federal entity to obtain goods and services for its own use and the contractor as a provider in [2 CFR § 200.331](#). Contract is defined at 2 CFR [§ 200.1](#). Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor meets at least one of the following:

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Normally it operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

For all cases, and in accordance with 2 CFR 200.331(b), HCD will also assess the Subrecipient's capacity to execute and monitor the proposed Project(s) as a factor in the Project review.

If the implementation proposal is approved by HCD, the Subrecipient must enter into a formal partnership agreement with the partner for implementing the Project. HCD's Subrecipient is responsible for communicating and coordinating on the Project with their partner. It is the Subrecipient's responsibility to adhere to the executed written partnership agreement.

Subrecipients cannot receive a Standard Agreement for a Project with a partner unless they meet the following conditions:

1. The Subrecipient provides documentation showing the capacity to administer the grant and comply with all terms and conditions for itself and all partners included.
2. The Subrecipient provides a written monitoring plan of the partner for the proposed Project(s). The monitoring plan must demonstrate that the

Subrecipient has sufficient understanding of the program requirements, the applicable federal and state regulations, and the capacity to monitor the work of its partner(s).

3. The Subrecipient provides the formal executed agreement between the Subrecipient and partner. The written partnership agreement must at minimum outline the role, compensation method, scope of work, timelines, milestones, and goals that support successful completion of the Project by the Subrecipient.

If the preceding conditions are met, the Subrecipient can make the Jurisdiction, special district, Nonprofit Organization, Tribal Entity, or other similar entities a partner and can use MHRE funds for which HCD issues a Standard Agreement.

2.2.3 Funding Allocations and Methodology

Subrecipient allocation amounts are shown below based on Manufactured Housing Impacts from 2023 disasters, DR-4683, in the MID Areas. This data set was provided by DCMP and local governments. Allocation Methodology Funding is available to Subrecipients based on a formula to determine a proportionate share of the total Program allocation based on the disaster impacts to that jurisdiction. HCD used a methodology to calculate allocations based on the manufactured housing impacts from the MID counties. The sum of this allocation of funds available for each Subrecipient’s jurisdiction divided by the total damage data is the proportionate share of funding. This allocation also ensures that 100 percent of Mobilehome recovery funds are spent in MID areas.

Eligible Subrecipient Allocations

Jurisdiction	Allocation
Santa Cruz	Not Participating
Merced	\$10,384,706
San Joaquin	\$10,899,756
Ventura	Not Participating
San Louis Obispo	\$10,938,837
TOTAL	\$ 32,223,299

2.2.1 Eligible and Ineligible Activities

The following Housing and Community Development Act of 1974 (HCDA) activities that are eligible for CDBG-DR assistance under the Program are:

- 105(a)(4) Site Improvement Demolition and Site Preparation
- 105(a)(24) Direct Home Ownership)
- 105(a)(4) Replacement of Manufactured Home
- 105(a)(4) Site Improvements-Elevation
- 105(a)(4) Site Improvement Hazard Mitigation
- Relocation of a renter tenant in a qualified MHU
- Relocation of the applicant, at the subrecipients discretion.

Activities that are not eligible within the Program include, but are not limited to, the following:

- Chattel Mortgage payoffs
- SBA home/business loan payoffs
- Funding for detached structures such as garages, sheds, or accessory dwelling units
- Funding for portions of, or an entire property designated as a rental unit
- Funding for Second Homes
- Compensation payments
- Partial or incomplete Rehabilitation or Reconstruction of properties
- Repair or replacement of personal property or building contents
- Repair or replacement of luxury or non-critical items, such as swimming pools and security systems
- Landscaping packages outside of local code
- Additional decks, patios or covered or enclosed porches more than entry and egress requirements
- Reconstruction or rehabilitation activities for homeowners that do not comply with the required environmental stop-work order
- Any activities that do not comply with local, state, and federal laws or regulations, including applicable Program requirements.
- Assistance to homeowners whose home was in a flood hazard zone, previously received federal flood disaster assistance and failed to maintain the required flood insurance, in accordance with Stafford Act Sec. 311. (b).
- Onsite/offsite utilities that are owned by the park including sewer, water, electric and gas.
- Travel cost, loss of income.
- Lien or judgment payoffs or removal of items from title.
- Past due or current land rents or lease payments.
- Reimbursement or repayment for replacement of MHUs purchased separately by the beneficiary.

2.2.2 Beneficiary and Project Eligibility

All Applicants and Projects undertaken as part of the MHRE Program must meet specific eligibility criteria. The Applicant property must be a Mobilehome or MHU (i.e., not a stick-built single-family home, condominium, duplex, fourplex, or other multi-unit property).

Beneficiaries must demonstrate and Subrecipients must verify U.S. Citizenship or Qualified Alien status. See further process and requirements to demonstrate citizenship or qualified alien status pursuant to the MHRE Policies and Procedures Section 2.7.

Attention: On September 10, 2025, the U.S. District Court of the District of Rhode Island via Memorandum and Order (Case No. 1:25-cv-00345) enjoined the U.S. Department of Justice (U.S. DOJ) from enforcing or implementing the following conditions from the HUD Grant Agreement(s):

1. The Subrecipient must administer its grant in accordance with all applicable immigration restrictions and requirements that apply under PRWORA or any relevant Executive Orders or immigration laws established under HUD, the Attorney General, or the U.S. Center for Immigration Services.
2. The Department and the Subrecipient must use SAVE, or an equivalent verification system approved by the Federal government.

Further, pursuant to a Stipulation entered by the parties on December 8, 2025, in the same case, U.S. DOJ agreed to never enforce or apply the HUD PWORA Notice published November 26, 2025 until such time as judgment on the merits in the case has been issued. Unless and until the preliminary injunction is vacated and HUD promulgates specific SAVE implementation guidance, the above conditions are unenforceable and prohibited.

- The beneficiaries' primary dwelling must have been a MHU located in one of the HUD-Identified MID counties pursuant to DR-4683.
- The beneficiary household must be low-to-moderate income (at or below 80% AMI) as defined by the CDBG regulations at 24 CFR 570.3, definitions of low- and moderate-income household. See section 3.13, Income Eligibility and Determination.
- The beneficiary must have a valid and enforceable lease or a month-to-month tenancy agreement and a verification of rent from the park owner for the lot on which the replacement MHU is installed. Applicant must be current on the lot rent at the time of eligibility review.
- The dwelling must have experienced at least \$3,000 in FEMA inspected real property flood damage from the qualifying disaster (referred to by HUD as "Minor-High").

- There must be a registered, metered electrical connection on-site. Solar as a sole source of power is not eligible.
- There must be site access to a water source via well or city-managed water, and it must have sufficient water flow rate to support the structure.
- Must have ability to connect to a wastewater treatment system via septic or city-managed sewer.

NOTE: Subrecipient costs attributed to determining an applicant ineligible are reimbursable.

2.2.3 Project Cap

The maximum amount of assistance available for replacement and elevation of a unit is \$500,000 per damaged structure after applying any duplication of benefits reductions.

Exceptions to the project cap amount may be considered on a case-by-case basis and may take into account the following: the amount of funding needed beyond the award cap, the benefits of the proposed Project, and other funding included as leverage. Subrecipients must receive written approval from HCD on all exceptions to the Project cap amount.

2.2.4 Qualifying Disaster Tie-back

Eligible MHUs must have been damaged or destroyed as a result of the qualifying disaster DR-4683 and be located in a MID county.

2.2.5 Green building, resilience, and mitigation standards

MHUs purchased and installed by the Program must meet HUD [Green and Resilient Building Standards](#). The Green and Resilient Building Standard requires that all assisted units meet an industry-recognized standard and achieve certification. The Program adheres to California's CalGreen comprehensive green building standard. All assisted units must be inspected and approved for CalGreen compliance.

Adherence to any other equivalent comprehensive green building standard is subject to review and approval by HCD.

Additionally, all assisted MHUs must meet a minimum energy efficiency standard. The Program has selected Energy Star for Manufactured Housing Units as this standard. All assisted units must be Energy Star Certified.

Subrecipients must document that certification was achieved in the Applicant's file.

For all MHUs acquired and installed by the Program and located in the Federal Flood Risk Management Standard floodplain (FFRMS floodplain):

1. Check with the local floodplain manager for information on any locally adopted regulatory flood elevation requirements. This will be the minimum elevation to which the new structure must be elevated or floodproofed, based on the locally adopted requirements. These locally adopted regulations are known as the design flood elevation (DFE).
2. The DFE must be at least as high as the base flood elevation (BFE) plus 2 feet. If the locally adopted DFE is less than BFE + 2 feet, the elevation requirement will be BFE + 2 feet.

All MHUs acquired and installed by the Program must comply with the Federal Flood Risk Management Standard (FFRMS). Subrecipients must note that the FFRMS floodplain is larger than the 100-year floodplain and has a higher elevation requirement. These site-specific elevation requirements are determined during the Tier 2 environmental process.

2.2.6 Duplication of Benefits

In accordance with the Stafford Act requirements, all activities funded with CDBG-DR must undergo a Duplication of Benefits (DOB) review and a calculation must be completed prior to funding awards and again prior to closeout. DOB occurs when a Program beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. This includes all benefits available to a person or entity, including cash and other resources such as insurance proceeds, grants, FEMA, other local, state, or Federal Programs, and private or nonprofit charity organizations (see Federal Register notice published November 16, 2011 (76 FR 71066) and Federal Register notice published June 20, 2019 (84 FR 28848)) to be identified and considered to prevent a DOB. The amount of duplication is the amount of assistance provided in excess of the need. It is each Subrecipient's responsibility to ensure that the MHRE Program provides assistance only to the extent that the disaster recovery and mitigation need has not been fully met by funds that have already been paid, or will be paid, from another source.

Each Project file must document all funds obtained for the same purpose as the MHRE Program Project from the date of the disaster until the date of the application. Additionally, HCD, in coordination with the Subrecipient, performs a DOB review prior to issuing funding and again prior to Project closeout to ensure that duplicative assistance is not provided for the MHRE Program Project in subsequent phases. HCD also reserves the right to require that the Subrecipient perform additional DOB checks throughout the course of the Project's period of performance to ensure there is no duplicative assistance during the course of the Project. To address any potential duplication, the Standard Agreement between the Subrecipient and HCD (Standard Agreement) includes

provisions requiring repayment equal to any assistance later received for the same purpose as the CDBG–DR funds.

2.2.7 Recapture of Funds

A Subrecipient may be required to repay all, or a portion of the funds received. The reasons for recapture of funds include, but are not limited to, the following:

- A Subrecipient does not comply with the terms of the Standard Agreement.
- A Subrecipient or program participant withdraws from the Program prior to completion of the Project and/or fails to meet a National Objective.
- A Project does not meet the requirements specified in this section, Section 2 Program Requirements.
- A Subrecipient is found to have used Program funds for an ineligible activity or cost.
- A Subrecipient or program participant receives assistance for the same purpose as the funds from the MHRE Program, including but not limited to insurance settlement funds, FEMA assistance, nonprofit assistance (i.e., a DOB); or
- Funds are remaining after the Project is completed, the expenditure deadline has passed, or the Standard Agreement has expired.

The method of recapturing funds and the timeframe for doing so are determined on an individual Project basis. However, the recapture method and timeframe shall be consistent with 2 CFR Part 200 and other applicable cost principles. A recapture provision is included in the Standard Agreement between HCD and the Subrecipient and must also be included in any agreements between Subrecipients and other parties.

3 Program Implementation

The MHRE Program is implemented using a Subrecipient model where HCD grants funds to counties and nonprofit organizations to carry out the Program’s activities. The following role descriptions are provided to illustrate the role of HCD and its Subrecipients but are not exhaustive lists of all responsibilities.

3.1 Role of HCD

- Provides oversight of Subrecipient activities to ensure compliance with Program policies and applicable HUD and Federal cross-cutting requirements including DOB verification.
- Provides template Program documents for Subrecipient adoption including Program policies and procedures, beneficiary agreements, and Program forms.
- Review and approve Subrecipient’s policies and procedures.
- Provides technical assistance to Subrecipients.

- Reviews Environmental Review Records (ERRs) and issues Authority to Use Grant Funds (AUGFs) to Subrecipients.
- Reviews Subrecipient draw requests and processes reimbursement payments.

3.2 Role of Subrecipient

- Implement the MHRE Program by providing replacement of MHUs and the required elevation to eligible Applicants.
- Conducts outreach as needed to ensure the Program meets its targeted Applicant population including liaising with property owners.
- Procures appropriate staff or vendors to implement the Program in accordance with all applicable federal and state procurements standards.
- Performs case management functions including beneficiary interaction, application processing, income verification, eligibility determination, duplication of benefits review, award calculation, beneficiary agreement execution, and related tasks.
- Reviews and processes beneficiary appeals, prior to submission to HCD..
- Procures and installs replacement MHUs for eligible Applicants.
- Disposes of existing, damaged MHUs or Mobilehomes for Program Applicants.
- Monitors field-based construction work performed by vendors and/or staff.
- Provides monthly reporting to HCD to report Project progress and outcomes.

3.3 Subrecipient Program Policies, Procedures, and Documents

HCD provides Subrecipients with a model MHRE Policy and Procedures. The Policy and Procedures details the Program functions between HCD, the Subrecipient and Applicants. Each Subrecipient must review the Policy and Procedures, fill in all applicable localized information (Subrecipient name, county, contact information, etc.), and submit the Policy and Procedures to HCD for review and approval. Once approved, Subrecipients may not make changes to the Guide without prior written approval from HCD.

HCD provides Subrecipients with template Program documents including beneficiary certifications, Program forms, and other tools for implementing the Program. These documents may be modified only to add localized information (Subrecipient name, county, contact information, etc.). Any further modifications must be reviewed and approved by HCD before use.

3.4 Subrecipient Due Diligence

For HCD's Subrecipient capacity assessment, as required in Federal Register Notice 88 FR 32046, Subrecipients are required to provide documents and information as part of the Due Diligence process. Subrecipients are required to comply with the requirements, requests, and results of HCD's capacity assessment and maintain the capacity to carry

out Program activities in a timely manner. The Due Diligence process may result in special conditions in the Agreement to ensure the capacity to carry out Program activities in a timely manner. As such, the completion of the Due Diligence process is a necessary prerequisite for entering into a Standard Agreement with HCD. Subrecipient, and any applicable non-profit entity, is in good standing with HCD and is not on the federal debarred list.

Note: Per a legal order issued by the U.S. District Court of the District of Rhode Island on September 10, 2025, the U.S. Department of Justice is prohibited from enforcing the following conditions from the HUD Grant Agreement(s) unless and until the legal order is lifted:

1. The Subrecipient must administer its grant in accordance with all applicable immigration restrictions and requirements that apply under PRWORA or any relevant Executive Orders or immigration laws established under HUD, the Attorney General, or the U.S. Center for Immigration Services.
2. The Department and the Subrecipient must use SAVE, or an equivalent verification system approved by the Federal government.

3.5 Authorizing Resolution & Standard Agreement

An Authorizing Resolution is necessary for the completion of an executed Standard Agreement. Subrecipients must submit an executed authorizing resolution on the template provided by HCD. Jurisdictions that already have a resolution template are requested to embed the HCD template language inside of the jurisdiction's approved template. Any deviation from the HCD authorizing resolution template language may delay the execution of the Standard Agreement and the implementation of the Subrecipient's Project(s). The authorizing resolution documents each Subrecipient's authority to enter into a Standard Agreement between the Subrecipient and HCD for the Program. No Standard Agreement between HCD and a Subrecipient will be valid until the respective Subrecipient's authorizing resolution is submitted and accepted by HCD. If allowed by local policies, HCD can accept a resolution from the governing board authorizing specific jurisdiction staff to enter into an agreement on the jurisdiction's behalf.

The Standard Agreement is the contractual arrangement between HCD and the Subrecipient which sets forth the terms and conditions by which CDBG-DR funds must be utilized within the MHRE Program. Following execution of the authorizing resolution, HCD routes the Subrecipient's Standard Agreement for approval. When ready, the Standard Agreement will be delivered to the Subrecipient via the Department's System of Record, currently Grants Network, for execution.

3.6 Technical Assistance to Subrecipients

HCD provides various types of technical assistance (TA) to Subrecipients and vendors throughout the Program. The objectives of technical assistance are to initially aid the Subrecipient and vendors to clearly understand the Program requirements and appropriately submit the Due Diligence and enter into the Standard Agreement. Also, HCD, through the provision of TA, supports Subrecipients to maintain their day-to-day compliance with federal and state regulations and Program requirements. In addition, HCD performs a risk assessment to determine a Subrecipient's capacity and to identify deficiencies in complying with applicable grant and Program requirements. According to the risk assessment results, HCD provides technical assistance and guidance to Subrecipients to improve their performance, develop or increase capacity, and augment management and technical skills. Some examples of technical assistance include:

- Verbal or written advice
- Formal training and workshops
- Documentation and guidance

3.7 Activity Delivery Costs

3.7.1 Allowable Costs After SA and Before NTP

Subrecipient may begin to perform Project related activities and to incur Activity Delivery Costs (ADCs) once its Standard Agreement is executed, and prior to a Notice to Proceed, so long as such activities would not be considered a choice-limiting action. ADCs incurred must be within the scope of services in the Standard Agreement and must be approved by HCD.

ADCs are allowable costs incurred for implementing and carrying out eligible CDBG-DR activities. ADCs cover the costs of staff directly carrying out the activity in addition to engineering, design, architecture, and environmental services that are necessary for successful completion of the activity. ADCs must be allocable to a CDBG-DR-assisted activity or an activity that is CDBG-DR-eligible, meet a National Objective, and meet all other CDBG-DR Program requirements. For ADCs exceeding 15 percent of the total grant amount must be supported, deemed reasonable per [2 CFR 200.404](#) for the CDBG-DR-eligible activity being carried out, as authorized under [24 CFR 570.201](#) and [24 CFR 570.202](#). Subrecipient shall provide the following documents to HCD for approval, however not limited to:

1. Justification of cost as to how costs were calculated and the assumptions.
2. Provide any comparative analysis or market research that supports the reasonableness of the proposed costs.
3. Any historic data of past spending on similar projects that might help substantiate the proposed costs.

3.7.2 *Authorization to Incur Costs Before an Executed SA*

ADCs may be incurred prior to the execution of a Standard Agreement only with Program Manager or Section Chief written approval. These ADC expenses are generally only allowed for environmental compliance work for the Program provided that such expenses are eligible, necessary and reasonable and are supported by documentation satisfactory to HCD.

3.7.3 *Subrecipient ADCs with Incomplete Projects*

If the initial Project(s) are unable to be completed, a review of the causes of the Project failure is performed by HCD. The Subrecipient must provide documentation demonstrating the cause of the Project's failure for HCD to review. Depending on the specifics of the situation, HCD may require more evidence of the causes of failure during the review process. If, after the review, the evidence demonstrates that the Project was put forth and proceeded in good faith on the part of the Subrecipient, then HCD would consider a new eligible Project from the Subrecipient, as long as the initial ADCs can be shown to have contributed to the new Project. Prior to any funding of the new Project, a new capacity assessment, Project evaluation, and amended Standard Agreement with stricter grant conditions is required.

3.8 *Agreements with Contractors or Other Parties*

Per 2 CFR 200.213, Subrecipient shall not enter into any agreement, written or oral, with any contractor, vendor, or other party without the prior determination that the contractor, vendor, or other party is eligible to receive federal funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

The term "other party" is defined as public or private nonprofit agencies or organizations and certain (limited) private for-profit entities who receive Grant Funds from a Subrecipient to undertake eligible Projects.

Requirements of an agreement between the Subrecipient and any Contractor or other party shall contain, but not be limited, to the following:

- Compliance with all State and federal requirements including those that pertain to labor standards, nondiscrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace Act
- Maintenance of at least the minimum State-required Workers' Compensation Insurance
- Maintenance of unemployment insurance, disability insurance and liability insurance which is reasonable to compensate any person, firm or corporation who may be injured or damaged during the performance of Project activities

- Contractors shall:
 - Comply with the applicable provisions of the California Labor Code,
 - Perform the Project activities in accordance with federal, state and local housing and building codes as applicable; and
 - Provide security to assure completion of the Project(s) by furnishing the borrower and construction lenders with proof of sufficient insurance and performance and payment bonds, or other security approved in advance in writing by the Department, as determined by the particulars of each individual Project are required.

3.9 Document Retrieval Process

All documentation at each step of the process of the Project's life, from application to grant closeout, must be submitted through the Department's System of Record, which, currently, is the Grants Network Program Portal, but which will, in 2025, become HCD Connect. This ensures that all the required documents are available for review and retrieval in one location.

3.10 Disbursement of Funds

Payments are made directly to Subrecipients as reimbursements based on the documented completion of agreed upon Project milestones, as outlined in the Standard Agreement. "Reimbursement-based" means that Activity Delivery and Project costs must have been paid by the Subrecipient and documented as required by the terms of the agreement for payment of invoices. Please see the state's CDBG-DR Grant Administration Manual, Section V for additional financial management procedures and requirements. [cdbg-dr-grant-administration-manual.pdf](#)

3.11 Reporting Requirements

Subrecipients are required to submit reports to HCD at times indicated in the Standard Agreement, in accordance with HCD and HUD reporting requirements, and via the System of Record. At a minimum, during the term of the Standard Agreement, on a monthly basis, the Subrecipient shall submit to HCD a progress report which addresses the following topics:

- A description of the current status of the Project activity,
- A description of activities to be undertaken in the next reporting period,
- A description of problems or delays encountered in Project implementation and course of action taken to address them,
- Any questions that have arisen during implementation and/or requests for technical assistance,

- A description of actions taken to achieve Project expenditure deadlines; and
- A summary of Project fiscal status, including:
 - Award amount;
 - Funds drawn; and
 - Remaining balance.

At any time during the term of the agreement, HCD may perform or cause to be performed an independent financial audit of any and all phases of the Subrecipient's Program implementation. At HCD's request, the Subrecipient shall provide, at its own expense, a financial audit prepared by a certified public accountant. As stated in the State of California's CDBG-DR Grant Administration Manual, Section V.J.1 on internal audits, all non-federal entities that expend \$750,000 or more in federal awards in a fiscal year are required to have a single audit for that year in accordance with the Single Audit Act of 1984, Single Audit Act Amendments of 1996, and 2 CFR §200 Subpart F-Audit Requirements.

3.12 Monitoring and Compliance

HUD describes monitoring as an integral management control standard and requires any entity receiving HUD funding to monitor and evaluate Program performance and compliance. For example: see CDBG Regulation 24 CFR 570.501(b). HCD staff monitor all CDBG-DR Programs and activities. HCD is required to ensure that its Subrecipients comply with, among other things:

- The requirements of the Program,
- FRN requirements applicable to the MHRE Program and any applicable waivers,
- Other federal regulatory guidance, such as Uniform Administrative Requirements, cost principles, and audit requirements outlined in 2 CFR 200,
- Specific conditions as stated in 2 CFR 200.205 and 200.207 respectively to mitigate the risk of the grant,
- The Standard Agreement with HCD, including amendments if applicable; and
- The annual monitoring assessment and strategy.

Monitoring provides information about Program participants, assesses quality of performance over time and is critical for making informed judgements about Program effectiveness and management efficiency. It also identifies instances of fraud, waste, and abuse. The Subrecipient (or non-profit entity) should immediately report to HCD any suspected instances of fraud, waste, or abuse.

3.12.1 HCD's Monitoring of Subrecipients

HCD monitors its Subrecipients and contractors/vendors, when applicable, based upon an assessment of risk posed by the jurisdiction or contractor/vendor and according to

specific monitoring criteria per 2 CFR 200.331. HCD conducts a Risk Assessment on all Subrecipients and contractors/vendors on an annual basis. In accordance with 2 CFR 200.221, 24 CFR 570.492 and 42.U.S.C Section 5304(e)(2), the risk assessment seeks to gauge Subrecipients' capacity to implement a Program or Project, its compliance with the Standard Agreement, performance objective, and to assess operational risk. The goal of this process is to determine the highest risk areas across all CDBG-DR activities and alert HCD to the Programs, Subrecipients, and/or contractors/vendors who require the greatest administrative oversight. The results of the risk assessment inform HCD of high risk Subrecipients, contractors and vendors, technical assistance needs, capacity training needs, scheduling frequency, and the type of monitoring activities.

The Monitoring Plan provides HCD's responsibilities and procedures for monitoring its Subrecipients, as well as the Annual Monitoring Strategy. Two types of monitoring will be employed by HCD: desk monitoring and onsite monitoring. Both desk monitoring and on-site monitoring follow the same process:

- HCD sends a notification letter to the Subrecipient,
- Document collection and pre-monitoring work begins for the next 30 days after issuance of the notification letter,
- Entrance Conference is held via teleconference for desk monitoring and in-person for onsite monitoring,
- Review of documents, interview of Subrecipients, and requests for additional documents,
- Exit Conference is held via teleconference for desk monitoring and in person for on-site monitoring. Review of findings and concerns, including next step discussion, occurs and
- Monitoring is concluded with a Monitoring Report issued to the Subrecipient within 30 days of the Exit Conference.

3.12.1.1 Desk Monitoring

Desk monitoring is conducted at the HCD office regardless of the location of the Subrecipient's office. It commences 30 days after the Subrecipient is notified via the notification letter. During the 30-day notification period, the Subrecipient will provide HCD with any documentation requested in the notification letter. Desk Monitoring can either be a comprehensive review of the Project or area-specific (e.g., Procurement and Contract, Environmental, Section 3, Financial Management). Typically, desk monitoring is only conducted for low risk to medium risk Subrecipients and in some cases may trigger an onsite monitoring based on the findings of the HCD monitor. The outcome of the desk monitoring is communicated to the Subrecipient via an Exit Conference and in writing via a Monitoring Report.

3.12.1.2 Onsite Monitoring

During the onsite visit, an HCD representative reviews Subrecipient files for compliance with applicable federal and Program requirements. This review is similar to the desk monitoring process. To prepare for onsite visits, the HCD monitor uses information contained within the Department's System of Record, the Standard Agreement, and individual Project applications. These may include items such as employee timecards, financial statements, Project file documents, draw requests, and policies and procedures provided by the Subrecipient. Typically, on-site monitoring is reserved for medium-high to high risk Subrecipients. This group of Subrecipients present the greatest risk to HCD's compliance with HUD's grant requirements. On-site monitoring is intended to be a more comprehensive assessment of the Subrecipients' management of the DR Program in compliance with applicable Federal, state and local regulations and requirements. This level of monitoring is performed on site at the Subrecipient's location and is more formal than desk monitoring.

Generally, HCD does not monitor a Subrecipient's construction contractor. Rather, HCD monitors the Subrecipient's monitoring of the contractor since monitoring the contractors is the responsibility of the Subrecipient. However, if HCD determines that a Subrecipient has not performed adequate monitoring of its Subrecipients or contractors, HCD may directly monitor the Subrecipient or contractor to confirm that applicable regulatory compliance is being provided. When necessary, the HCD representative arranges onsite Project inspections with the Subrecipient and its contractors to confirm eligible CDBG-DR activities are being conducted, eligible costs are being charged, and that the required National Objective is being met.

3.12.2 Subrecipient Monitoring Responsibilities

HCD requires the Subrecipients to develop their own monitoring plan for their Projects and contractors that complete construction on MHRE funded Projects. Therefore, Subrecipients are responsible for carrying out their Projects to meet these compliance requirements. HCD's [Monitoring Plan](#) is available for guidance to the Subrecipient to develop their own monitoring plan.

It is the responsibility of the Subrecipient to monitor its construction Projects to ensure compliance with terms of the Agreement and applicable regulations. Subrecipient monitoring should include the following:

- Ensuring cost reasonableness of Project costs.
- Ensuring Project scopes of work are consistent with the approved scope of work;
- Routine physical inspection should include the inspection of all construction Projects to ensure the Project remains in scope and on time;

- Monitoring construction contractors for compliance with equal opportunity, federal and state labor standards and Section 3 requirements;
- Following procurement processes in accordance with 2 CFR §200 or local standards if higher;
- Ensuring Project milestones are being met;
- Ensuring environmental reviews are completed and documented properly;
- Complying with the terms and conditions of the Agreement with HCD, especially anti-fraud and abuse;
- Monitoring contractors/vendors for federal compliance standards;
- Financial Management: internal controls, accounting, Program Income and record keeping are in compliance with 2 CFR 200 and CDBG-DR costs are eligible, allowable, reasonable, necessary, and allocable; and
- Documenting National Objective compliance for all activities.

Please see the State of California's CDBG-DR [Grant Administration Manual](#) for additional monitoring and compliance procedures and requirements.

3.13 Record Keeping

HCD's Standard Agreement with the Subrecipient is the contractual document that details the financial and recordkeeping requirements and standards for Subrecipients allocated funds to carry out specific eligible MHRE activities. Such reports and recordkeeping requirements, defining the specific reports and the reporting dates, along with the particular record and the timeline for maintaining them are to assist HCD in meeting HUD's recordkeeping and reporting requirements per 24 CFR §570.506(a)(b) (records to be maintained), and 24 CFR §570.508 (public access to records). Further record keeping requirements as detailed in [88 FR 32046](#) and per HCD's grant agreement with HUD include, but are not limited to:

- Executed agreement(s)
- Description, geographic location, and budget of each activity
- Eligibility and national objective determinations for each activity
- Evidence of having met a national objective
- Evidence of having met the MID criteria
- Evidence of having met the LMI criteria
- Standard agreement
- Any bids or contracts
- Characteristics and location of the beneficiaries
- Compliance with special Program requirements
- Personnel files
- HUD monitoring correspondence
- Citizen participation compliance documentation

- Fair Housing and Equal Opportunity records
- Environmental review records
- Documentation of compliance with crosscutting requirements (e.g., Davis-Bacon, Uniform Relocation Act, and Lead-Based Paint, etc.)
- Budget and expenditure information
- Chart of accounts
- Accounting procedures
- Accounting journals and ledgers
- Source documentation (purchase orders, invoices, canceled checks)
- Procurement files (including bids, contracts, etc.)
- Real property inventory
- Draw down requests
- Payroll records and reports
- Financial reports
- Audit files
- Relevant financial correspondence
- The status of the Project and/or activity

Further, Subrecipients are required to maintain financial records and submit financial reports sufficient to ensure compliance with all recordkeeping and reporting requirements. Per the 2 CFR 200.302 Financial Management Systems, accounting records must be supported by source documentation such as canceled checks, invoices and demands, payrolls, time and attendance records, contract and sub-grant award documents, etc.

3.14 Grant Closeout

The closeout of a grant is a process through which HUD determines that all applicable administrative and Program requirements of the grant were completed. In general, a grant is ready for close-out when the following conditions are met:

- All individual activities were completed, met a National Objective, and closed out in HUD's system of record.
- All contracts have completed closeout.
- All grant funds were expended in full, or all remaining funds are planned to be returned to HUD;
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable);
- Any special conditions of the grant were met; and
- All audit and monitoring issues affecting the grant were resolved.

4 Federal Requirements

HCD and its Subrecipients must comply with all applicable federal regulations and laws, including but not limited to, the federal cross-cutting requirements set forth below. Further, all MHRE Projects must comply with any and all applicable state and locally adopted codes, regulations, and ordinances. This section provides a summary of the significant and applicable federal cross-cutting requirements for all Program activities.

4.1 Flood Insurance

The Subrecipient shall comply with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001). The Subrecipient shall ensure that all Program beneficiaries obtain flood insurance on their replacement Mobilehome. Subrecipient shall also ensure that program beneficiaries understand and acknowledge flood insurance must be maintained in perpetuity. Beneficiary flood insurance policies must provide dwelling coverage in the amount the lesser of (1) their MHRE grant award, or (2) the maximum amount of coverage available under the National Flood Insurance Program.

4.2 Americans with Disabilities Act

Title II of the Americans with Disabilities Act of 1990 (ADA) applies to public entities, such as state and local governments, and provides, in pertinent part, that “no qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity.”¹

The Americans with Disabilities Act of 1990 (ADA) modifies and expands the Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a Disability" in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment. HCD ensures that reasonable modifications or changes to policies and procedures are made in order to guarantee people with disabilities equal access to services and Programs. Additionally, all activities are accessible, both structurally and administratively, to persons with disabilities. The requirement of ADA applies to all HCD, the Subrecipients, and vendors.

4.3 The Civil Rights Act of 1964 Title VI

Title VI, codified at 42 U.S.C. §§ 2000d et seq., addresses discrimination by recipients of federal financial assistance and provides that recipients of federal funds must comply with the mandate that no person, on the basis of race, color, or national origin, “be excluded

¹ Pub. L. 101-336, § 202 (42 U.S.C. 12132).

from participation in, be denied the benefits of, or be subjected to discrimination under” any federally funded program or activity.

4.4 The Civil Rights Act of 1964 Title VII

Title VII, codified at 42 U.S.C. §§ 2000e et seq., addresses discrimination in employment based on “race, color, religion, sex, or national origin” by private sector and federal government employers with respect to employees. Based on sex includes based on sexual orientation or gender identity.

4.5 The Age Discrimination Act of 1975

The Age Discrimination Act of 1975 provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance. The Act does not cover:

- Employment discrimination – enforced by the EEOC
- Certain age distinctions in federal, state, or local statutes and ordinances
- An action that reasonably takes age into account as a factor that is necessary to the normal operation or achievement of a statutory objective of a program

4.6 The Restoration Act of 1987

Restores the broad scope of coverage and clarifies the application of the Civil Rights Act of 1964 and specifies that an institution which receives federal financial assistance is prohibited from discrimination on the basis of race, color, national origin, religion, sex, disability, or age in the program or activity which does not directly benefit from such assistance.

4.7 Copeland Act’s Anti-Kickback Provision

The “Anti-Kickback” provision of the Copeland Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers’ pay be permissible, and that contractors maintain and submit weekly payrolls.

The U.S. Department of Labor describes the Copeland Act’s Anti-Kickback as prohibiting contractors and subcontractors performing work on covered contracts from in any way inducing an employee to give up any part of the compensation to which he or she is entitled. The Copeland Act and implementing regulations also require contractors and subcontractors performing on covered contracts to pay their employees on a weekly basis and in cash or a negotiable instrument payable on demand and to submit weekly payroll reports of the wages paid to their laborers and mechanics during the preceding payroll

period. Additionally, the Act's regulations at 29 CFR §§ 3.5 and 3.6 list payroll deductions that are permissible without the approval of DOL and those deductions that require consent of DOL and prohibit all other payroll deductions.²

4.8 Contract Work Hours and Safety Standards Act

The Contract Work Hours and Safety Standards Act (40 USC, Chapter 5, Sections 326-332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240) applies to contracts over \$100,000 and requires that workers receive overtime compensation (time and one-half pay) for hours they have worked in excess of 40 hours in one week. Violations under this Act carry a liquidated damages penalty (\$33 per day per violation).

4.9 Equal Employment Opportunity Act

Empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in any federal court against any private-sector employers after the EEOC has investigated the charge, found probable cause of discrimination and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings federal, state, and local governments under the Civil Rights Act of 1964.³

4.10 Contracting With Disadvantaged Businesses

The non-federal recipient or Subrecipient of federal financial assistance should, when possible, ensure that Small Businesses, Minority-Owned Businesses, Women-Owned Businesses, Veteran-Owned Businesses, and Labor Surplus Area (LSA) Firms are considered in procurements (CFR Title 2 Subtitle A Chapter II Part 200 Subpart D).

The Minimum Acceptable Outreach Standards Section 281 of the National Affordable Housing Act requires each participating jurisdiction (i.e., Subrecipient) to prescribe procedures acceptable to the HUD Secretary to establish and oversee an outreach program to include Small Businesses, Minority-Owned, Woman-Owned, and Veteran-Owned Businesses, as well as the LSA Firms, in all contracting activities entered into by the Subrecipient. Minimum HUD standards for recipient's or Subrecipient's outreach effort are described in [HOME Contract Manual, Appendix XIII-B](#).

² <https://webapps.dol.gov/elaws/elg/kickback.htm>

³ 41 CFR Part 60

4.11 Fair Labor Standards Act of 1938, Davis-Bacon and Related Acts, California Prevailing Wage Law

Fair Labor Standards Act

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate-of-pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

Davis-Bacon and Related Acts

Excluding the exceptions listed below, when required by federal program legislation, Davis-Bacon and Related Acts (DBRA) requires all contractors or subcontractors performing construction contracts financed, in whole or in part, with federal assistance to pay workers no less than the prevailing wages being paid for similar work in the same area, as determined by the Secretary of Labor. Workers must be paid on at least a weekly basis. (40 U.S.C., §§ 3141-3148; 2 CFR, app'x II to pt. 200, ¶ (D) [mandatory contract provisions]; see 42 U.S.C. 5310 [applicability to CDBG program].)

Exceptions to DBRA include:

- Construction contracts over \$2,000
- Real property acquisition
- Architectural and engineering fees
- Other services (such as legal, accounting, construction management)
- Other non-construction items (such as furniture, business licenses, real estate taxes)
- Rehabilitation of residential property designed for fewer than eight families; and
- Debris removal demolition, and/or clearance activities, unless related to construction (demolition and clearance as independent functions are not considered construction).

California Prevailing Wage Law

California's prevailing wage law requires workers employed on public works to be paid the prevailing wage, as determined by the Director of the state Department of Industrial Relations. Most commonly, "public works" include "[c]onstruction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds." (Labor Code, § 1720(a).) There are limited exceptions for construction or rehabilitation of privately owned residential projects when assistance is provided for

certain purposes. (Labor Code, § 1720(c)(5).) There is also an exception for “private residential projects built on private property,” but the exception does not include projects that “are built pursuant to an agreement with a state agency,” which generally includes all residential projects that receive federal or state funding, regardless of whether the state agency is an actual party to the construction contract or whether funding is indirectly received through an intermediary. (Labor Code, § 1720(c)(1); Dept. of Industrial Relations, Pub. Works Case No. 2024-003.)

In some cases, the State of California prevailing wage rate and the Davis-Bacon prevailing wage rates both apply. In such instances, the higher of the two wage rates prevails.

4.12 Davis-Bacon Labor Standards

The Davis-Bacon and Related Acts (DBRA) require all contractors and subcontractors performing work on federal contracts or federally assisted contracts in excess of \$2,000 for construction, alteration, or repair (including painting and decorating) to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar Projects in the area. The prevailing wage rates and fringe benefits are determined by the Secretary of Labor for inclusion in covered contracts. Prime contractors and subcontractors on Davis-Bacon Act contracts in excess of \$150,000, or related Act contracts in excess of \$100,000, are also required, pursuant to the Contract Work Hours and Safety Standards Act, to pay laborers and mechanics one and one-half times their basic rates of pay for all hours over 40 worked on a covered contract in a workweek.

Subrecipients are responsible for ensuring that applicable Projects and services are in compliance with DBRA through the submission of certified payroll records and interviews of prime and subcontractor laborers. Supporting compliance documentation shall be uploaded to the System of Record. HCD ensures compliance through the review of DBRA documentation uploaded to the System of Record by the Subrecipients.

HUD’s Office of Community Planning and Development (CPD) issued Notice CPD-15-07⁴ on September 15, 2015, that provides guidance on pre-application costs and clarifies how cross-cutting requirements apply to CDBG-DR activities. Notice CPD-15-07 includes clarification on the applicability of DBRA and states:

The Davis-Bacon wage rates will not apply when:

- *The grantee was not a party to the construction contract; and*

⁴ <https://www.hud.gov/sites/documents/15-07cpdn.pdf>

- *The construction work is fully complete before the owner applies for CDBG-DR assistance.*

If construction work is ongoing when an application for reimbursement or financing of construction costs is submitted, then Davis-Bacon prevailing wage rates are applicable. Under regulations of the Department of Labor (DOL) at 29 CFR 1.6(g), where Federal assistance is not approved prior to contract award (or the beginning of construction if there is no contractor award), Davis-Bacon wage rates apply retroactively to the beginning of construction and must be incorporated retroactively in the contract specifications (pg. 7).”

Subrecipients shall follow HUD’s guidance on the applicability of DBRA for all MHRE Projects.

4.13 Limited English Proficiency

Subrecipients must ensure that all citizens have equal access to information about the Programs, including persons with disabilities (vision and hearing impairments) and Limited English Proficiency persons.

4.14 Section 3 of the HUD Act of 1968

Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended, requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents. Section 3 eligible residents are low- and very low-income persons, particularly those who live or reside in public or government assisted housing.

In accordance with Section 3, recipients using CDBG-DR funding for housing or other public construction are required, to the greatest extent feasible, to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the Project area.

Projects assisted with DR funds in excess of \$300,000 trigger Section 3 requirements. When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 residents and business concerns to meet these minimum numeric goals:

- (1) Twenty-five percent (25%) of the total hours worked on a Section 3 Project must be worked by Section 3 workers; and
- (2) Five percent (5%) of the total hours worked on a Section 3 Project must be worked by Targeted Section 3 workers.

The Subrecipient and Subrecipient’s Contractors shall comply with Section 3 and in implementing regulation at 24 CFR Part 75. The responsibilities outlined in 24 CFR Part 75.19 include:

- Implementing procedures designed to notify Section 3 workers about training and employment opportunities generated by Section 3 covered assistance and Section 3 business concerns about contracting opportunities generated by Section 3 covered assistance.
- Notifying potential Contractors for Section 3 covered Projects of the requirement of Part 75, Subpart C and incorporating the Section 3 Clause set forth below in all solicitations and contracts.

Section 3 Clause:

The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted Projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

The parties to this contract agree to comply with HUD's regulations in 24 CFR. Part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause and will post copies of the notice in conspicuous places at the work site where both employees and Applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75 and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or

knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.

The contractor acknowledges that Subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or Standard agreements, Program regulatory agreements, or contracts.

The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.

Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

The contractor agrees to submit, and shall require its subcontractors to submit to them, annual reports detailing the total number of labor hours worked on the Section 3 Project, the total number of labor hours worked by Section 3 Workers, and the total number of hours worked by Targeted Section 3 Workers, and any affirmative efforts made during the quarter to direct hiring efforts to low- and very low-income persons, particularly persons who are Section 3 workers and Targeted Section 3 workers.

- Project Completion Reports shall also include a Section 3 Summary Report of the total number of labor hours worked by all contractors and subcontractors, the total number of labor hours worked by Section 3 workers, and the total number of labor hours worked by Targeted Section 3 workers, as required pursuant to 24 CFR 75.25(a). In the event that the number of Section 3 worker labor hours divided by the total labor hours worked by all workers on a Section 3 Project does not meet or exceed HUD's twenty-five percent (25%) standard, and/or that the number of Section 3 targeted worker labor hours divided by the total labor hours worked by all workers on a Section 3 Project does not meet or exceed HUD's five percent (5%) standard, Subrecipient shall provide additional reporting on the qualitative nature of its activities and those its contractors and subcontractors pursued, as defined at 24 CFR 75.25(b). The standards for hours worked by Section 3 Workers and Targeted Section 3 Workers are subject to change by HUD as published in the Federal Register.

MHRE Projects are required to meet Section 3 requirements as shown above. HCD staff ensures that Section 3 objectives are addressed through direct technical assistance with Subrecipients and file reviews of Projects.

HCD requires the following actions of all Subrecipients to ensure compliance with Section 3:

- Prepare and utilize a Section 3 Plan;
- Designate a Section 3 Coordinator;
- Take affirmative steps to follow the Section 3 Plan and document those efforts;
- Include the Section 3 clause and the contractor certification of efforts to fully comply with employment and training provision of Section 3 in any bid packets for contracts on DR Projects.
- Notify all bidders that adherence to the Subrecipient's Section 3 Plan is required for contracts and sub-contracts in excess of \$200,000.

4.15 Fair Housing

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, because of race, color, religion, sex, familial status, national origin, and disability. It also requires that all federal programs relating to housing and urban development be administered in a manner that affirmatively furthers fair housing.

Affirmatively Furthering Fair Housing (AFFH) - AFFH is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. HUD's AFFH rule provides an effective planning approach to aid Program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Additionally, the Program follows California AFFH rules as applicable per California Government Code 65583 and 65583.2; and Division 1 of Title 2, Chapter 15 commencing section 8899.50.

The Fair Housing Act also requires all Grantees and/or Subrecipients funded in whole or part with HUD financial assistance for housing related activities to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status.

Subrecipients must meet the applicable Fair Housing and Affirmative Marketing requirements, provide a marketing plan, and report on compliance in accordance with the Fair Housing Act and the associated forms on HCD's website, where applicable⁵. The Affirmative Marketing Plan must be in compliance with all applicable Fair Housing Laws and demonstrate how the Subrecipient affirmatively furthers fair housing.

4.16 The Housing and Community Development Act of 1974, Section 109 of Title I

Section 109 prohibits discrimination on the basis of race, color, national origin, sex, and religion in any program or activity funded in whole or in part under Title I of the Community Development Act of 1974, which includes Community Development Block Grants. It specifically provides that no person shall be excluded from participation (including employment) denied program benefits or be subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title I of this Act.

4.17 Residential Anti-Displacement

When applicable, HCD and its Subrecipients shall make every effort to minimize displacement of families from their homes and/or neighborhood, according to the State of California's Residential Anti-displacement and Relocation Assistance Plan.⁵

4.18 Financial Management

Subrecipients administering Program funds must demonstrate conformity with financial management requirements shown in 2 CFR 200 and applicable Federal Registers. These requirements include, but are not limited to, areas covering Financial Management; Advances; Internal Controls; Accuracy of Report Information; Program Income; Salaries and Wages; Indirect Costs; Lump Sum Drawdowns; and Single Audit provisions pursuant to 2 CFR 200 Subpart F. HCD's financial management system is consistent with and in compliance with 24 CFR Parts 84, 85, and 570 (as applicable), which ensures that MHRE funds are managed with high levels of accountability and transparency.

HCD's Monitoring and Compliance team ensures that Subrecipient's financial management practices adhere to the following:

- Internal controls are in place and adequate;
- Documentation is available to support accounting record entries;
- Financial reports and statements are complete, current and reviewed periodically; and
- Audits are conducted in a timely manner and in accordance with applicable standards.

⁵ https://www.hcd.ca.gov/policy-research/plans-reports/docs/Appendix_D-Relocation_and_Anti-Displacement_Plan.docx

4.19 Insurance and Property Management

Subrecipients must procure and maintain insurance for the duration of the Standard agreement to protect all contract assets from loss due to any cause, such as theft, fraud and physical damage. If CDBG-DR funds are used to acquire real property or personal property, the Subrecipient is responsible for ensuring that:

- The property continues to be used for its intended (and approved) purpose; and
- The Subrecipient keeps track of, and takes care of, the property.
- If the Subrecipient sells or disposes of the property within 5 years after the expiration of the subrecipient agreement or a longer period as HCD deems appropriate, the Subrecipient reimburses HCD for the share of the property's value according to the Agreement.

4.20 Recordkeeping, Retention, and File Management

Record retention is a requirement of the Program. Records are maintained to document compliance with Program requirements and Federal, State, and local regulations and to facilitate a review or monitoring by HUD.

Subrecipients must adhere to State of California record retention requirements, which require all records to be maintained for a period of five years after the CDBG-DR grant closeout with HUD. This requirement is in line with 24 CFR part 570.490, or as required by applicable laws and regulations under 24 CFR parts 570.487, 570.488 and 570.502(a)(7). Exemptions to the five-year period are provided in the applicable laws and regulations under 24 CFR parts 570.487, 570.488 and 570.502(a)(7). Exceptions include, but are not limited to:

- If any litigation, claim, or audit, is started before the expiration of the five-year period, records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken;
- When HCD is notified by HUD, or another federal agency, that the record retention period requirement has been extended;
- Records for real property and equipment acquired with CDBG-DR funds must be retained for three years after disposition; or
- When records are transferred or maintained by HUD, the retention requirements no longer apply to HCD.

Subrecipients shall retain all records, such as financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of not less than five years after the closeout of HCD's grant agreement with HUD, in accordance with CDBG-DR record retention requirements. HCD notifies Subrecipients when the HUD grant has been closed. Notwithstanding the above, if there is litigation, claims, audits,

negotiations, or other actions that involve any of the records cited and that have started before the retention period, then all such records must be retained until completion of the actions and solution of all issues, or the retention period, whichever occurs later.

Subrecipients are required to establish and maintain three major categories of records: Administrative, Financial Management, and Project Files, as described below.

4.21 Administrative Records

These are files and records that apply to the overall administration of the Subrecipient's CDBG-DR activities. They include the following:

- Personnel files;
- Property management files;
- General Program files: files relating to the Subrecipient's or contractor's Project information, grant agreement(s), Program policies and procedures, and correspondence with grantees, and reports; and
- Legal files: articles of incorporation, bylaws of the organization, tax status, board or council minutes, contractors, and other agreements.

4.21.1 Financial Records

These include records such as the chart of accounts, cash receipts, disbursement journal, payroll journal, general ledger, and any applicable accounting policies and procedures. Source documentation (purchase order/change, paid invoices, payroll records, timesheets and attendance records, canceled checks, etc.), procurement files, bank account records, audit files, and/or another mechanism approved by HCD in writing for the specific grant, etc.

4.21.2 Project Files

Subrecipients must maintain accurate project files for each application received. These records may be on paper or electronic. If the records are on paper, they must also be scanned and saved to a secure, remotely accessible system to allow for monitoring by HCD, HUD, or other authorized parties.

4.22 Procurement Policy

Subrecipients must follow Federal, State, and local procurement rules when purchasing contractors, subcontractors, and other services, supplies, materials, and/or equipment. Subrecipients are required to adopt procurement procedures in 2 CFR 200.318 - 326. All procurement transactions funded in whole or in part with CDBG-DR funds, regardless of dollar amount, must be conducted to provide "maximum open and free competition." 2

CFR 200.318(i) requires that Subrecipients maintain records sufficient to detail the significant history of each procurement.

Subrecipient procurement transactions shall also follow best practices of cost reasonableness and must meet the critical tests below. The costs must be:

- **Necessary:** The expenditures fill a necessary gap to address an unmet need that cannot be filled by another funding source, as demonstrated by completed DOB analysis for each Project/activity.
- **Reasonable:** This term is generally defined as what a prudent business would pay in a competitive marketplace. A cost can be allowable and allocable, and still not be what a prudent businessperson would pay.
- **Allowable:** The costs must be allowable under the eligibility requirements of CDGB-DR funds.
- **Allocable:** The costs are logically related to or required in the performance of the Project contract. Many costs may be allowable but not related to the work required under the contract.

The Subrecipient is responsible for procuring contractors and ensuring compliance with local, state and federal regulations. For an active, previously procured contract that the Subrecipient would like to apply towards an MHRE Project, the Subrecipient must provide the procurement file to HCD for review. HCD Program staff are responsible for identifying any concerns regarding conforming to the minimum procurement requirements found at 2 CFR 200.318 – 326. Compliance with all applicable local, state, and federal regulations will be certified by Subrecipients when financial reports are submitted to HCD and reviewed by HCD during Subrecipient monitoring visits.

4.23 Audit Trail

Program records are captured in HCD's three record management systems: HUD's Disaster Recovery Grant Reporting System (DRGR), the State's Financial Information System for California (FI\$Cal), and the Department's System of Record. Together, these three systems are used to account for MHRE funds, with the Department's System of Record serving as the primary system. The System of Record contains both Subrecipient and Project level files including, but not limited to Project documentation, Subrecipient expenditure tracking, procurement documentation, Program budgets, Standard agreements and other agreements, financial management, labor compliance (Section 3 and Davis-Bacon), and citizen participation data. The Department's System of Record ensures data security and oversight creating a clear audit trail of MHRE funding.

All Subrecipient and Project data is secured in HCD's System of Record, currently Grants Network, in accordance with the State of California's CDBG-DR Grant Administration Manual's retention policy.

Recordkeeping, including scanning and uploading to the System of Record, and filing of pertinent Program documentation retention policies are to provide both a physical and an electronic record of activities so that documentation is available for audit purposes.

To protect personally identifiable information (PII), data security measures are in place. HCD, its Subrecipients, and contractors must take the following steps to protect PII:

- Limit collection of PII.
- Maintain hard copies of PII records in locked cabinets; and
- Password protect access to electronic files containing PII.

Subrecipients may be required to release records containing PII upon request from HCD or an HCD-designated auditor, if required by federal or state auditor or other federal or state agencies.

4.24 Environmental Review

An environmental review must be performed on the Project prior to federal funds being committed or disbursed by HCD and Subrecipients. The environmental review shall document compliance with 24 CFR Part 58, NEPA, and all related laws, authorities, and executive orders. HCD will complete the Tier I Environmental Review for the program. The Tier I will be a broad evaluation encompassing the geographical areas identified for the program. As potential sites are identified for participation in the program, HCD and the subrecipient will work together to complete the required Tier II environmental review for each specific site to determine if the proposed construction actions for that site will have a significant impact on the environment based on review topics from 24 CFR part 58 and work on a plan to mitigate those potential impacts. HCD will be responsible for ensuring compliance with CEQA, including the submission or designation of applicable waivers to the CEQA Clearinghouse. No work may start on a proposed Project before both the federal and state environmental review processes are completed, even if that work is being done using non-federal funds. MHRE does not reimburse Projects that have been determined to have a Finding of Significant Impact (FOSI).

Subsequent to the execution of a standard agreement by a Subrecipient for the use of MHRE funds, there can be no **choice-limiting actions** on the part of the Subrecipient until environmental clearance is received in the form of an Authority to Use Grant Funds (AUGF) or environmental clearance letter issued by HCD. The concept of prohibiting **choice-limiting** actions is to prevent the Subrecipient from investing in a Project before all necessary environmental clearances are obtained. Market studies, environmental studies, plan development, engineering or design costs, inspections and tests are not considered “choice-limiting” actions. **Choice-limiting actions** are defined as any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives, such as acquisition by the Subrecipient, construction, demolition of buildings

or infrastructure, or rehabilitation or reconstruction of buildings or infrastructure. Per 24 CFR Part 58.22, failure to comply with the prohibition against committing funds or taking physical action (using either HUD funds or non-HUD funds) before the completion of the environmental review process could result in loss of HUD assistance, cancellation of the Project, reimbursement by Subrecipient to HCD for the amount expended, or suspension of the disbursement of funds for the affected activity.

4.25 Anti-Fraud, Waste, and Abuse

During the application process, Applicant(s) sign a fraud acknowledgement statement, asserting and affirming under penalty of perjury that all information in their application, as well as documents provided and executed in conjunction with the Program are true to the best of their knowledge. Further, Applicant(s) acknowledge that they may be prosecuted by Federal, State and/or local authorities in the event of false, misleading and/or incomplete statements and/or documents. Applicant(s) agree to repay Program funds in the event Applicant(s) make or file false, misleading and/or incomplete statements and/or documents.

The Program has established procedures for verifying the accuracy of information provided by Program Applicants. Internal processing steps are taken to identify discrepancies in information provided by third parties that may be indicative of fraud, waste, and abuse. These steps are conducted systematically, utilizing standardized research methodologies and flag identification processes for consistency and equitable treatment across relevant sources.

The Program also verifies the accuracy of information provided by its vendors. As part of the state procurement process, contractors are required to complete a vendor background questionnaire and to report pertinent information relating to the contractor and/or its key personnel. Prior to contract execution, company background checks are conducted, and channels are established with other agencies to verify and validate those that will be providing services on behalf of the program. Processing steps including multiple levels of quality assurance and quality control reviews are conducted to validate vendor provided application information used in an Applicant's eligibility and award determination as well as during the construction process.

The fraud acknowledgement signed by Applicant(s) during the application process includes a notice of the danger of fraud and scams perpetrated by unscrupulous individuals, contractors, and businesses. Anyone wishing to report suspicious or fraudulent activity may contact the program via email at ReCoverCA@hcd.ca.gov or via phone at (916) 202-1764.

The Program has procedures in place to address a homeowner's unmet assistance needs because of fraud, waste, or abuse by a contractor. If proven, the homeowner's Duplication

of Benefit can be reduced, and the Program can provide scope to cover the Applicant's unmet needs to complete home repairs.

Applicants who are victims of theft, vandalism, or contractor fraud will also need to file a formal complaint with a government authority such as a law enforcement agency, the California Contractor's Licensing Board, or the Attorney General. Additionally, a civil action filed in a California court detailing the cause and amount of fraud in sufficient form can suffice and may be reviewed by HCD when making a final determination of consideration for unmet needs assistance.

Anyone wishing to report suspicious or fraudulent activity may contact the program via email at **(AFWA Email of Subrecipient)** or via phone at **(AFWA number of subrecipient)** or directly to the HUD Office of Inspector General (OIG) via the HUD OIG Fraud Hotline (phone 1-800-347-3735 or email: Hotline@hudoig.gov).

HCD employees are obligated to disclose and report any irregularities, possible violations of fiduciary responsibility or possible violations of state or federal statutes, rules or regulations, or serious wrongdoing and/or gross mismanagement to a person with authority to investigate, discover, or correct the possible violation or noncompliance. Whistleblower protection applies to all HCD activity, including CDBG-DR interagency, subrecipient or contractor's actions associated with the funding awarded for eligible activities and administration costs. Reports of suspected or questionable activities must be made to:

Investigations

California State Auditor

P.O. Box 1019 Sacramento, CA 95812

www.auditor.ca.gov/hotline

800-952-5665

916-322-3360

916-322-2603 fax

The State Auditor will review complaints regarding fraud, waste, or abuse of government funds and forward to the HUD Office of Inspector General (OIG) as appropriate.

As per 87 FR 6364, Program staff have an obligation to promptly report misconduct, fraud, waste, abuse, or mismanagement directly to the Office of Inspector General (OIG) in the administration of, or participation in, disaster recovery programs. This includes irregularities, misrepresentations, and bribery overtures (attempts or solicitations included).

4.26 Conflicts of Interest and Confidentiality

Conflicts of interest between covered persons (e.g., Subrecipients, recipients, Program administrator, contractors or Program staff) and other parties are strictly prohibited by Federal law. A “covered person” is an employee, agent, consultant, officer, or elected official or appointed official of the State, or of a unit of general local government, or any designated public agencies, or recipients that are receiving CDBG-DR funds. Generally, no person who is a covered person, and who exercises or has exercised any functions or responsibilities with respect to CDBG-DR activities and who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the 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.

The conflict of interest regulations contained in the contract between the recipient and HCD prohibit locally elected officials, State staff, recipient employees, and consultants who exercise functions with respect to CDBG-DR activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the activity either for themselves or for those with who they have family or business ties, during their tenure or for one year thereafter.

5 Terms and Definitions

Abuse: The excessive, or improper use of something, or the use of something in a manner contrary to the natural or legal rules for its use; the intentional destruction, diversion, manipulation, misapplication, maltreatment, or misuse of resources owned or operated by the Authority; or extravagant or excessive use to abuse one’s position or authority. “Abuse” does not necessarily lead to an allegation of “fraud,” but it could, depending on the circumstances.

Affirmatively Furthering Fair Housing (AFFH) - AFFH is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. HUD's AFFH rule provides an effective planning approach to aid Program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. Additionally, the Program follows California AFFH rules as applicable per California Government Code 65583 and 65583.2; and Division 1 of Title 2, Chapter 15 commencing section 8899.50.

Activity Delivery Costs (ADC): ADCs are allowable costs incurred for implementing and carrying out eligible CDBG activities. ADCs cover the costs of staff directly carrying out the activity in addition to engineering, design, architecture, and environmental

services that are necessary for successful completion of the activity. ADCs must be allocable to a CDBG-assisted activity, meet a national objective, and meet all other CDBG Program requirements.

Applicant: An owner-occupant(s) of a damaged MHU who has applied for Program assistance.

Application: A formal document used to collect information and documentation to assess eligibility of an individual Applicant and the Project, to assess duplication of benefits, and to acknowledge compliance with Program policies and procedures.

Area Median Income (AMI): the midpoint of a specific area's income distribution that is calculated on an annual basis by the Department of Housing and Urban Development (HUD).

Authorization to Use Grant Funds (AUGF): is the written notification from HCD to the Subrecipient, indicating that a specific Project has met HCD's prerequisites and authorizing the Subrecipient to expend CDBG-DR funds on that specific Project.

Authorizing Resolution is a formal resolution of the Subrecipient's highest authority, usually a board of supervisors, authorizing the Subrecipient to accept CDBG-DR funding and the responsibilities that attach, thereto, in general and authorizing people performing specific roles to act on its behalf, including, but not limited to, signing the Agreement with HCD.

CALGreen: is California's first green building code and first in the nation state-mandated green building code. It is formally known as the California Green Building Standards Code, Title 24, Part 11, of the California Code of Regulations. For more information, visit <https://www.dgs.ca.gov/BSC/Codes>

California Environmental Quality Act (CEQA): is a statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

Code of Federal Regulations (CFR): is the acronym used for the Code of Federal Regulations.

Contractor: a properly licensed person or company that Subrecipients or developers hire to undertake a contract to provide materials or labor to perform a service or do a job.

Cross-Cutting Requirements: Regulations outside of CDBG-DR that apply to CDBG-DR Programs. These requirements pertain to financial management, procurement, environmental, labor, acquisition, relocation, fair housing, and non-discrimination.

Davis-Bacon Wage Requirements: The Davis Bacon and Related Acts (DBRA) requires all contractors and subcontractors performing work on federal or District of Columbia contracts or federally assisted contracts in excess of \$2,000 for construction, alteration, or repair (including painting and decorating) to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits for corresponding classes of laborers and mechanics employed on similar Projects in the area. The prevailing wage rates and fringe benefits are determined by the Secretary of Labor for inclusion in covered contracts. Contractors and subcontractors on Davis-Bacon Act prime contracts in excess of \$150,000, or related Act contracts in excess of \$100,000, are also required, pursuant to the Contract Work Hours and Safety Standards Act, to pay laborers and mechanics one and one-half times their basic rates of pay for all hours over 40 worked on a covered contract in a workweek.

Duplication of Benefits (DOB): Financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Mitigation funding with respect to any part of the loss resulting from a major disaster as to which he/she has already received financial assistance under any other Program or from insurance or any other sources. It is an amount determined by the Program that may result in the reduction of an award value.

Environmental Review Record (ERR): A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents as required by CEQA and NEPA regulations. (See California Environmental Quality Act and National Environmental Policy Act).

Federal Emergency Management Agency (FEMA): An agency of the United States Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

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

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

- “100-year floodplain” — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- “500-year floodplain” — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Fraud: An illegal act (the intentional wrongdoing), the concealment of this act, and the deriving of a benefit (converting the gains to cash or another valuable commodity) through misrepresentation or deception. Legally, fraud can lead to a variety of criminal charges including theft, embezzlement, and larceny. – each with its own specific legal definition and required criteria that can result in severe penalties and a criminal record. An attempt to commit fraud, even if unsuccessful, can also lead to potential criminal charges and result in severe penalties.

Grantee: The term “grantee” refers to HCD.

Household: All persons occupying the same housing unit, regardless of their relationship to each other.

HCD: California Department of Housing and Community Development

HUD: United States Department of Housing and Urban Development

Labor Surplus Area (LSA): A list of LSA Firms is issued by the U.S. Department of Labor (DOL) on a fiscal year basis on its website at www.dol.gov/agencies/eta/lsa (CFR Title 13 Chapter I Part 121 Subpart A).

Limited English Proficiency (LEP): A designation for persons that are unable to communicate effectively in English because their primary language is not English, and they have not developed fluency in the English language. An LEP person may have difficulty speaking or reading English and benefits from an interpreter who translates to and from the person’s primary language. A LEP person may also need documents written in English translated into his or her primary language so that person can understand important documents related to health and human services.

Low- and Moderate-Income (LMI): Low- and moderate-income people are those having incomes not more than the “moderate-income” level (80 percent Area Median Family Income) set by the federal government for the HUD-assisted Housing Programs. This income standard changes from year to year and varies by household size, county and the metropolitan statistical area.

Manufactured Housing Unit (MHU): Also known as a Manufactured Home as defined by 24 C.F.R. part 3280 (HUD-Code). A Manufactured Home is a structure that is transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least

320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The structure must be designed for occupancy as a principal residence by a single family. All Manufactured Homes must have a HUD Certification Label affixed and must meet the requirements of HUD-Code for Manufactured Homes as set by the National Manufactured Housing and Construction Safety Standards Act of 1974, and HUD Code Standards 24 C.F.R. part 3280 & 3282. The MHU must be built to meet local and regional building codes.

Minority-Owned Business: Must be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individuals who are citizens of the United States (CFR Title 13 Chapter I Part 124 Subpart A).

Mitigation: Those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.

Mobilehome: As detailed in Chapter 2.5 of the California Civil Code, civil code 798.3 defines a Mobilehome (one word) as a structure designed for human habitation and for being moved on a street or highway under permit pursuant to Section 35790 of the Vehicle Code. Mobilehome includes a manufactured home, as defined in Section 18007 of the Health and Safety Code, and a mobilehome, as defined in Section 18008 of the Health and Safety Code, but except as provided in subdivision (b), does not include a recreational vehicle, as defined in Section 799.29 of this code and Section 18010 of the Health and Safety Code or a commercial coach as defined in Section 18001.8 of the Health and Safety Code. A mobilehome is a factory-built home that was built before June 15, 1976, and not built to a uniform construction code.

Most Impacted and Distressed (MID) Area: An area that meets the definition of Most Impacted and Distressed set by HUD in the Federal Register Notice and HCD in the Action Plan. For the CDBG-DR appropriation for DR-4683, the MID areas include: Merced County, Santa Cruz County, San Luis Obispo County, San Joaquin County and Ventura County.

National Environmental Policy Act (NEPA): Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Flood Insurance Program (NFIP): Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood

insurance through individual agents and insurance companies. FEMA manages the NFIP.

National Objective: the authorizing statute of the HUD CDBG Program requires that each activity funded, except for Program administration and planning activities, must meet one of three national objectives. The three national objectives are: (1) Benefit to low- and moderate-income persons; (2) Aid in the prevention or elimination of slum or blight; and (3) Meet a need having a particular urgency (referred to as urgent need).

Notice to Proceed (NTP): A formal notification provided by HCD to the Subrecipient as approval to begin accepting applications from the public and otherwise launch the MHRE Program.

Owner-Occupant(s): a person(s) who have ownership interest in a property while also occupying that same property as their primary residence.

Owner-Occupied Unit: a housing unit that an Owner-Occupant resides in.

Personally Identifiable Information (PII): Information that can be used to distinguish or trace an individual's identity, such as name, and social security number, alone, or when combined with other personal and identifying information which is linked or linkable to a specific individual, such as date, place of birth, mother's maiden name, etc.

Primary Residence: a homeowner's principal place of residence. Not a secondary or vacation home.

Program Portal: A web-based portal via the Department's System of Record, currently Grants Network, to the MHRE overview and Program-specific documents, Due Diligence and Standard Agreement.

Project: Per 49 CFR 24.2 a (22), Project means any activity or series of activities undertaken by a Federal Agency or with Federal financial assistance received or anticipated in any phase of an undertaking in accordance with the Federal funding Agency guidelines.

PRWORA - stands for the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. It is a U.S. legislation that reformed the welfare system and transformed public assistance in the U.S.

Replacement: The replacement of a damaged Mobilehome or Manufactured Housing Unit with a new Manufactured Housing Unit in substantially the same footprint, or at a new location if the original damaged unit was on leased land and the MHU owner must

relocate to a new property. Replacement housing is comparable to the original, damaged housing in characteristics (number of bedrooms, square footage, and structure type).

Request for Proposal (RFP): A procurement document designed to solicit proposals for services where cost is considered as a factor.

Request for Release of Funds (RROF): An environmental review term for a process used by Responsible Entities (the state) when requesting the release of funds and the authority to use such funds for HUD Programs identified by statutes that provide for the assumption of the environmental review responsibility by units of local government and states. The approval of the RROF is required before environmental clearance may be provided to a recipient of CDBG-DR funds.

Responsible Entity (RE): Under the ERR requirements at 24 CFR Part 58, the term “responsible entity” (RE) means the agency receiving CDBG assistance. The responsible entity must complete the environmental review process. The RE is responsible for ensuring compliance with NEPA and the Federal laws and authorities, for issuing the public notification, for submitting the request for release of funds and certification, when required, and for ensuring the Environmental Review Record (ERR) is complete.

SAVE - stands for Systematic Alien Verification for Entitlements. It's a program run by U.S. Citizenship and Immigration Services (USCIS) that allows government agencies to verify the immigration status of individuals applying for public benefits or licenses. This helps ensure that only eligible non-citizens receive these benefits.

Section 3: is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 Program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low-income residents in connection with Projects and activities in their neighborhoods.

Small Business: Defined per North American Industry Classification System (NAICS) (CFR Title 13 Chapter I Part 121 Subpart A).

Standard Agreement (SA): The contractual arrangement between HCD and the Subrecipient which sets forth the terms and conditions by which CDBG-DR funds are utilized.

Subrecipient: A Non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal Program (see 2 CFR 200.93). For the MHRE Program, Subrecipients are units of local government and non-profit organizations.

System of Record: The web-based, end-to-end, grant management system used by the Department and Subrecipients to manage all grants and awards, including applying for grants, requesting reimbursement of funds, reporting, tracking, and grant closeout.

Uniform Relocation Act (URA): A federal law that establishes minimum standards for federally funded Programs and Projects that require the acquisition of real property (real estate) or the displacement of persons from their homes, businesses, or farms.

Veteran-Owned Business: Must be at least 51 percent owned and controlled by one or more veterans who reside in the United States (CFR Title 13 Chapter I Part 128 Subpart B).

Waste: A thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of resources owned or operated by the Program to the detriment or potential detriment of the Program. Waste also includes incurring unnecessary costs because of inefficient or ineffective practices, systems, or controls. Waste does not normally lead to an allegation of “fraud,” but it could, depending on the circumstances.

Women-Owned Business: Must be at least 51 percent owned and controlled by one or more women who are citizens of the United States (CFR Title 13 Part 127 Subpart B).