



# **Community + Human Development Compliance Manual**

City of El Paso

Prepared By:  
Community + Human Development

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**Note:** The administrative policies and procedures outlined in this compliance manual shall supersede all previous administrative compliance policies and procedures in place prior to, January 1, 2019, that may have been included in memorandums, emails, and/or other means of communication. All questions or conflicts with departmental procedures need to be directed to the Administrative Services Division of the Community and Human Development Department at (915) 212-1658[LL1].

## **Introduction**

### **City Relation with HUD**

The City of El Paso (COEP) receives federal grant funds from the U.S. Department of Housing and Urban Development (HUD) and maintains the HOME Partnership Program Grant (HPPG), Community Development Block Grant, (CDBG), Community Development Block Grant Revolving Loan Fund (CDBG-RLF), and HOME Revolving Loan Funds to assist low- to moderate-income households, provide homeless services, and improve our community. In addition, the City also receives funding from the State of Texas and the Federal Government for the Retired Service Volunteer Program (RSVP), the Foster Grandparent Program (FGP).

### **Compliance Summary**

This manual will outline the administrative policies and procedures with respect to all the programs from the Department Community and Human Development required to be monitored for the City of El Paso.

This manual will include policies and procedures on both compliance and environmental monitoring. It will focus on the most common situations encountered through project and grant monitoring, and environmental review procedures once an application, agreement, or contract in compliance with the specific program has been approved.

## Monitoring Objective

### Monitoring Goals

The monitoring goals that the City of El Paso follows:

#### 1. Programmatic Monitoring Goals:

- \* To ensure entities being monitored achieve performance objectives and budget.
- \* To ensure entities being monitored comply with all regulations governing administrative, financial and programmatic operations.

#### 2. Financial Monitoring Goals:

- \* To review sub-recipient agencies to determine if expenditures of allocated funds are being made in accordance with contract requirements.
- \* To review records of sub-recipient agencies to determine if systems are in place to properly document financial transactions, the use of allocated funds, use of program income, and any other contract requirements.

#### 3. Housing Monitoring Goals:

- \* To ensure that HOME assisted rental properties remain financially viable, in good and safe condition, and are compliant with the HOME affordability requirements.
- \* These requirements include reporting, recordkeeping, monitoring property management staff/ contractors to ensure that requirements related to annual information on rents, tenant income, and occupancy of HOME assisted units are met.

### Monitoring Guidelines

Monitoring is a requirement for all entities receiving funding from Federal, State, and local government. Monitoring provides clarification, reviews expectations, and ensures compliance at the highest level.

### Monitoring Process

Monitoring is not a one-time occurrence. To be an effective tool for avoiding problems and improving performance, monitoring must be involved as an on-going process of planning, implementation, communication, and follow-up. Within the monitoring goals, the following steps are conducted.

## **1. Developing a Monitoring Plan**

The City of El Paso will develop a monitoring plan at the beginning of the program year so that the organization can match available resources with the needs and capacity of the entities being monitored. The City will ensure that appropriate reporting mechanisms are in place to assure compliance in all programmatic areas.

## **2. Risk Assessment**

The City must perform a financial and programmatic risk assessment to identify which entities being monitored require an in-depth review. A copy of both financial and programmatic risk assessments are sent out to the entities awarded funding for the fiscal year and are required to return it back for evaluation. The evaluation from the assessment will determine if the entity is a low- or high-grade risk level.

Entities that will be classified as high-risk will be defined by the following and reasons to be being monitored within the fiscal year:

- Entities are new to the grant program.
- Entities that are receiving funding again after a gap of one year or longer from the previous year they were funded.
- Entities that have experienced turnover with staff or a change in goals and direction.
- Entities with previous compliance or performance problems. Some examples include failure to meet schedules, submit timely reports, clear monitoring, and audit findings.
- Entities providing high-risk activities (such as economic development and small business lending).
- Entities performing multiple activities with multiple funding sources. This includes new activities a sub-recipient undertakes.
- HUD audit that contained concerns or findings.
- Areas of the sub-recipient's operation where regulations have changed or been clarified.
- Aspects of a sub-recipient's operations that led to monitoring recommendations in the past.

Even entities monitored with strong past performance and minimal risk level will continue to receive a periodic comprehensive monitoring. To ensure accountability, the City will attempt within the fiscal year to monitor all entities, whether their risk grade level is high or low.

## **3. Establishing Monitoring Schedules**

A monitoring schedule is designed to determine which entities will be monitored for the fiscal year in accordance with the risk assessment. Financial and programmatic monitoring are scheduled differently and are treated differently.

For programmatic monitoring, high risk entities will take priority of being scheduled immediately to evaluate their performance to date. Any struggles that a high-risk entity should encounter when monitored, gives them the flexibility and opportunity to correct it and reduce any future risks.

Other grade level of risk for the entities will be monitored in collaboration with the grant administrators/ planners that are assigned to review the entity's program process. The City will attempt to monitor all entities in the programmatic side. Any outside variables will be factored into the schedule if not all entities are monitored during the fiscal year.

For financial monitoring, high risk entities will also be scheduled immediately. Other grade level of risk for the entities will be reviewed on a case by case matter.

#### **4. Monitoring Visit**

Within the monitoring schedule, a visit is scheduled with the entity with notice to visit. The visit consists in reviewing documents in accordance with the written agreement between the City of El Paso and the entity.

The compliance staff for both financial and programmatic will notify the entity a minimum of 30 days that a monitoring visit will be schedule in their facility. Within the notification, the compliance staff will prepare themselves in obtaining any documents that is needed from the entity to understand the program and what their scope of work requires to meet standards. All communication between the Department of Community and Human Development and the entity should be documented and filed.

During the monitoring visit, an entrance meeting will occur with the entity's point of contact. The Point of Contact normally will consist of the person in charge of the program, the executive director(s), and other staff members that are involve with the program. Following the entrance meeting, the compliance team will conduct its monitoring of the program. The compliance team concludes the monitoring with an exit meeting with the entity's team and talk whether the program is compliant or not.

If a follow-up visit is needed, the compliance staff will explain the purpose for the visit. Follow-up visits may include the following:

- Rescheduled monitoring: due to incomplete or incorrect data
- Non-compliance of the program and review the program's documentation to confirm corrections
- Verification of required postings
- Face-to-face interviews with staff

#### **5. Desktop Monitoring**

In the event if a monitoring visit cannot be conducted in the entity's facility, an in-house review or desktop monitoring is acceptable. The entity's point of contact to the program will continue to follow similar process to an on-site visit. The entity will bring the supporting documentation for either programmatic or financial.

Supporting documentation an entity may bring are:

- Progress reports
- Reimbursement requests
- Copies of audits or notices from either an Independent Public Accountant (IPA) or another entity such as the HUD Office of Inspector General (OIG) or the General Accounting Office (GAO)

Desktop monitoring can be done more with financial monitoring than programmatic monitoring. Due to confidentiality documents that involve other federal regulations with entities, the compliance staff, for programmatic monitoring, should not attempt to do a desktop monitoring.

### **On-Site/ Desktop Monitoring Detail Process**

Within the monitoring process, the compliance staff that conducts a financial and programmatic monitoring, has certain steps in preparing a monitoring visit after the monitoring schedule is finalized. These steps are:

1. Notification Letter
2. Entrance Meeting
3. Review and Conclusions
4. Exit Conference
5. Close Out/ Follow-up Letter

#### **1. Notification Letter**

In accordance to the monitoring schedule the compliance staff designed and coordinated with the grant administrators/ planners, the compliance staff will arrange an official date for the on-site or desktop monitoring visit.

A formal notification letter by email and/ or postage letter (preferably both) will be sent to the entity a minimum 30 days prior to the visit. The letter must will include:

- The date of appointment
- A scope of the monitoring
- A description of the information that will be reviewed during the visit
- Any additional information that is needed in cooperation with the grant administrators/ planners

Within the 30-day period, the compliance staff will prepare themselves for any supporting documentation the entity may send in advance and will send a follow up notice to confirm the date of the appointment.



## **2. Entrance Meeting**

At the start of either an on-site or desktop monitoring, an entrance meeting is conducted with the now subrecipient's point of contact to the program. The entity has become a subrecipient once the written agreements with the City of El Paso have been signed and executed. The point of contact varies. It can include the sub-recipient's executive director, members of the Board of Directors, the program management team (includes the program coordinator), and program staff.

Introductions from both parties are done with this entrance meeting. This will be the first face to face meeting both parties would encounter during a fiscal year. Within the introductions, the compliance staff give the sub-recipient provide an understanding as to how the monitoring will be conducted and the goals for the fiscal year. In addition to the introductions, general questions from the compliance staff's evaluation may be asked to get a better understanding of the program. Normally, these general questions from an evaluation will be done through the programmatic portion of the monitoring. Financial monitoring may or may not have general questions with the sub-recipient for their evaluation since the monitoring involves the finances to the program.

## **3. Review and Conclusions**

Once the entrance meeting has been conducted, the compliance staff begins to review all documentation for either programmatic or financial to the program. In financial monitoring, the compliance staff reviews the finances to the program. In programmatic monitoring, the compliance staff reviews the documents relating to the program, in accordance to the written agreement and any additional information that the grant administrators/ planners that they believe needs further review.

Based off the data gathered from the review, a determination will be made by identifying if the information is accurate and in compliance.

Note taking is done within the review. Though, the compliance staff should be cautious of what information is noted in their evaluation. One example is for the compliance staff should not note the full name of a client and address. Even though these notes will be kept confidential, the compliance staff must also oblige to the privacy regulations that the sub-recipient will state in their policy and procedures, and federal regulations that is incorporated.

From the monitoring, the compliance staff gathers all data and notes their conclusions from the actual monitoring. The conclusions are only preliminary until the compliance staff complete a further review in the department's main offices and discuss with their conclusions with the grant administrators/ planners assigned to the program. If the program is compliant, the conclusions are accepted. If the program shows to have some discrepancy to the levels of a finding or concern that cannot be determined at the monitoring, discussions with the assigned grant administrator/ planner occurs and come to an agreement what type of discrepancy is issued. If the program shows an actual discrepancy that the compliance staff can determine if it is a finding or concern, the evidence is provided to the assigned grant administrator/ planner to come out with an agreement on the discovery.

The preliminary conclusions is shared with the sub-recipient upon the exit conference.

#### **4. Exit Conference**

The exit conference the final meeting of the day of the monitoring. The compliance staff meets with the sub-recipient's point of contact and other members (if available) to discuss preliminary conclusions of the monitoring.

The exit conference with the compliance staff must meet these objectives:

1. Present preliminary results of the monitoring visit. The compliance staff should inform them that these results are not final unless the compliance staff is 100% on these results.
2. If the preliminary results are 100% positive, the compliance staff will inform the sub-recipient the good news.
3. Inform the sub-recipient that any conclusions made will be discussed with their assigned grant administrator/ planner. If there is a deficiency that is inconclusive with the compliance staff, they would follow up with the grant administrator/ planner to discuss the results. The sub-recipient will be notified with what the conclusions will come from the discussion.
4. If the preliminary results are 100% positive that the compliance staff discover a finding or concern, the sub-recipient is informed.
5. If the preliminary carries the possibility or has a deficiency {of a finding or concern}, the compliance staff will provide an opportunity for the sub-recipient to correct them. The sub-recipient will receive a non-compliance stating the evidence and within the written agreement, the time frame given to correct the deficiency. The compliance staff will ask the sub-recipient is interested in technical assistance. Technical assistance is provided by the assigned grant administrator/ planner.
6. Any questions or comments the sub-recipient may have regarding the monitoring. If there are questions the compliance staff is unable to answer, they would follow-up with the sub-recipient to give an answer. The answers may come from the assigned grant administrator/ planner or any level of management or staff.

The compliance staff should maintain notes on the exit conference to document what was discussed. At the end of the conference, there should be a clear understanding of the areas of agreement and disagreement about the staff's monitoring results. The meeting concludes informing the sub-recipient will receive a close out letter within 30 days. This close out letter is only if the sub-recipient is compliant for the fiscal year. Otherwise, if the sub-recipient is non-compliant, a letter of non-compliance is sent out by management, and will follow in accordance to the written agreement how many days to correct the non-compliance.

#### **5. Close Out/ Follow-Up Letter**

If the sub-recipient is compliant, a close out letter will be sent out by management. This close out letter will address to the head of the entity and state the program is compliant for the fiscal year. The letter is sent out by both email and post mail. When the close out letter is sent out by email,

the assigned grant administrator/ planner is included. This assures them the status of the program is compliant.

If the sub-recipient is non-compliant, a letter of non-compliance is sent out by management. The non-compliance letter will address the findings and concerns with a detailed corrective actions and/or specific recommendations.

Additional information into findings and concerns continue in this manual under section **4: Non-Compliance**.

In accordance to the written agreement, the sub-recipient will have a certain amount of days to correct the non-compliance. Within the time frame, all written agreements will have stated that the sub-recipient have a maximum of 30 days to respond to the non-compliance.

After the City receives the response letter, the compliance staff will follow up with the sub-recipient on the corrective action status.

Once the sub-recipient notifies the department that the findings have been resolved, a follow-up will be scheduled. The compliance staff will send out a follow-up monitoring letter to schedule a date review the corrections. The follow up letter must correspond to the time frame given in accordance to the written agreement between the City and the sub-recipient.

### **Sub-Recipient IPA Audits (Financial Monitoring Only)**

According to OMB Circular A-133, *any public agency or non-profit organization that cumulatively expends \$300,000 or more in Federal funds in a year must have an independent audit performed*, consistent with the Single Audit Act of 1984. In most cases, these audits are performed by an Independent Public Audit (IPA). These audits will provide another source of information on the monitored entities.

The IPA are helpful in reviewing how entities being monitored allocate expenses across multiple Federal sources being used. They establish for the monitored entity, a system to track their financial reports, and review if they are meeting the standards and requirements of the Department of Community and Human Development program.

### **Inter-Department Monitoring**

If City department is receiving grant funding for a program, that department cannot monitor themselves due to conflict of interest. The department must find an independent monitor that does not work for that department and audit the program.

Example: If the Parks and Recreation Department receive grant funding for a certain program and they have a compliance team that monitors, the department's compliance team cannot monitor the program due to conflict of interest. The department must find an independent monitor outside their department to conduct the audit.

## Records

All documents relating to monitoring will follow all rules and regulations to recordkeeping stricken by the City of El Paso, State of Texas, and all federal agencies. For information on record management, please visit the federal agencies webpage the program is utilizing and the City of El Paso Records Management webpage.

## 1.0 Financial and Programmatic Monitoring

As previously discussed in this manual, the following explains a more in-depth of the monitoring conducted for both financial and programmatic.

### Financial Monitoring

The contract compliance monitoring performed by the Department of Community and Human Development Accountant (DCHD) staff is different from the annual audit required to be performed by a Certified Public Accountant according to the Single Audit Act. Only agencies with over \$750K in federal expenditures are required to have a single audit. Monitoring is not an audit of the agency, but rather is focused on the administration of the program. The purpose of monitoring is **NOT** to catch entities being monitored making mistakes; instead, monitoring is to point out areas of improvement.

**1. Monitoring Sample:** Entities being monitored will be based on one or more of the following:

- Risk Assessment: A risk assessment analysis will be utilized to determine if a sub-recipient will be required to have a monitoring conducted for the fiscal year.
- One sub-recipient from each program (i.e., ESG, HOPWA, HHSP)
- New entities being monitored to the program
- Numerous discrepancies in monthly reimbursements submitted to the Department of Community and Human Development.

**2. Schedule appointment:** The DCHD monitor will contact the agency to arrange for monitoring. Programmatic and fiscal monitoring may or may not be scheduled concurrently. In some cases, it may be necessary to perform a follow-up monitoring visit.

- Written notification will be mailed one week prior to its scheduled monitoring with a list of financial records to be reviewed. The records requested in the monitoring letter and working area should be prepared and ready when the DCHD Accountant arrives at the agency.
- The DCHD Accountant may conduct a desktop review and may require the agency to submit documents to the office.

**3. Entrance Conference:** Monitors may meet with or call the Agency Director to answer any questions regarding the monitoring process.

- Meet with staff responsible for preparation of reimbursement requests, payroll, and maintaining accounting records.
- Request information and supporting documents for the reimbursement request, such as payroll information.

**4. Reimbursement Request:** The DCHD Accountant will request records selected for monitoring and discuss record keeping methods with staff who maintain them. Copies of certain documents and records may be made for purposes of preparing the report.

The records that will be reviewed by the DCHD Accountant include, but are not limited to:

- Time and Attendance Reports (Time Sheets or Timecards)
- Spreadsheets supporting the computation for the reimbursement requests
- Balance Sheets
- Income Statements
- General Ledgers
- Payroll Journals
- Quarterly Tax Returns (Form 941/TWC)
- Invoice Copies
- Bank Statements
- Bank Reconciliations
- Any additional items (vouchers, financial reports, records, etc.) needed to verify transactions.

**5. Documentation and Data Acquisition:** Cash Match: From the documents stated in Reimbursements Request, the following will be used to monitor the cash match:

- Time and Attendance Reports (Time Sheets or Timecards)
- Spreadsheets supporting the computation for the reimbursement requests
- Balance Sheets
- Income Statements
- General Ledgers
- Payroll Journals
- Quarterly Tax Returns (Form 941/TWC)
- Invoice Copies
- Bank Statements
- Bank Reconciliations
- Any additional items (vouchers, financial reports, records, etc.) needed to verify transactions.

**6. Analysis:** The DCHD Accountant will check the agency documents and calculations for compliance, correctness, and audit trails.

A. Salaries – The DCHD Accountant will:

- Verify that the salary costs requested for reimbursements are allowable under the terms of the contract.
- Review time and attendance reports for time billed to the entitlement grant and verification of reports by supervisor.
- Check to see if there is a clear audit trail between the time and attendance reports, payroll register, general ledger accounts, federal and state reports, and Profit & Loss statement.
- Test computation for gross amounts, deductions, and net payments.
- Verify canceled checks for amounts and endorsements.

- Verify employees' time from time reports to the time reported to the entitlement grant on the Employees' Monthly Time Report (See Appendix B-4)
- B. Fringe Benefits – The DCHD Accountant will:
- Verify employer's quarterly tax reports.
  - Verify payments made to the bank for payroll taxes.
  - Verify health insurance policy.
  - Select insurance invoices to verify that the amounts requested for reimbursement apply only to entitlement grant employees.
  - Verify fringe benefits costs from payroll register to general ledger accounts.
- C. Property and Equipment (if applicable) – The DCHD Accountant will:
- Verify invoices and payments.
  - Verify purchase of equipment is in agreement with general ledger account and financial reports.
  - Ensure that purchased equipment is allowable.
  - Verify calculation of depreciation. (*if applicable*)
  - Make physical inspection of equipment. (*if applicable*)
- D. Other Operating Expenses – The DCHD Accountant will:
- Examine invoices and related canceled checks
  - Review invoices for approvals and account distribution.
  - Determine if the costs are allowable.
  - Verify agency's line item costs to amounts requested for reimbursement.
  - Verify that amounts requested for reimbursement agree with posted general ledger accounts and other financial statements.
- E. Revenue – The DCHD Accountant will:
- Provide supporting evidence of cash journals and trace posting to general ledger accounts.
  - Trace bank activity to cash receipts journal.
  - Trace amounts disbursed by City to ensure reconciliation of funds received by the agency.
- F. Audit – The DCHD Accountant will:
- Review the of agency's audit for the most recent Fiscal Year End.
  - Conduct an analysis to determine if the prior year's monitoring findings have been corrected and are not being repeated.

G. Overall Accounting Review – The DCHD Accountant will:

- Review the process used to record the various transactions and determine its effectiveness.
  - Review the balance sheet to verify the cash balance against the ending cash balance per the bank reconciliation.
  - Review the actual transactions and their supporting documentation, determining eligible reimbursement expenses. For an expenditure to be considered eligible for reimbursement, the following requirements must be met:
    1. An expenditure must be for the current funding period.
    2. Be a line-item on the proposed budget.
    3. Have available funds for that line-item.
    4. Be an expenditure related to an entitlement grant activity, as applicable.
  - Review the overall agency performance to determine if it is within compliance, according to the contractual terms and conditions.
  - Cash match review will apply the same reimbursement review procedures.
7. **Exit Conference:** The DCHD Accountant will call or meet with the Agency Director to discuss tentative results of monitoring. The Agency Director may invite staff and/or members of management deem appropriate.
- Discuss findings, if any, and methods of correcting each individual deficiency.
  - Discuss concerns, if any, and methods of correcting concerns.
  - Discuss any observations made regarding the agency, offer technical assistance where applicable.
  - Answer any questions the Director or staff may have.



## **Programmatic Monitoring**

The programmatic compliance monitoring is performed by the compliance division of the Department of Community and Human Development. The purpose of the compliance division's monitoring is to verify that the entity's grant program is following the written guidelines set in the written agreement with the City of El Paso and HUD. Any deficiency discovered within the monitoring is to point out to the entity and help them resolve and improve the situation immediately before any serious consequences stated in the written agreement may occur.

The compliance staff begins the programmatic monitoring for a program by first notifying the sub-recipient a 30-day notice the program will be monitored. The notification of a program is loosely based off the risk assessment that was issued to the sub-recipient and returned prior to the deadline, and discussions with the grant administrators/ planners to when a certain program will or should be monitored. The compliance division's attempted goal is to monitor all programs funded during the fiscal year. This goal should not be tainted with any attempts of monitoring all programs within the fiscal year for the reason of "just completing all." Each monitoring should take time into consideration of making sure that the sub-recipient is receiving a fair and reasonable review.

Within the notification, to help advance the monitoring process move quicker, the compliance staff will request certain documentation from the sub-recipient to be submitted by email or post mail (though email is strongly considered) instead of requesting copies during the day of the monitoring. This documentation will include: the program's policies and procedures, an updated copy of the entity's insurance that includes a Certificate of Liability with the City of El Paso as an additional insurer, a copy of the organizational chart, and any document that is available to review without. The compliance staff should not request copies of the sub-recipient's files on clients by email or post mail. The City of El Paso shall respect all federal privacy regulations that the entity has on its clients. A client's file shall be reviewed in-person.

The day of the monitoring, the compliance staff will have an entrance meeting with the sub-recipient's point of contact. The point of contact may include additional members of the entity that are interested in participating in the meeting. The meeting will include introductions and general questions the compliance staff will ask from their monitoring evaluation. Followed from the entrance meeting, the compliance staff will begin the monitoring.

In accordance with the written agreement, most documents reviewed within a client's file are:

- The number of units reported
- The eligibility of a client
- Organization
- Any documentation that is required to be included in the file in accordance with the scope of work agreed between the City of El Paso and the entity.

The compliance staff will attempt to review the entire fiscal year. The review could be a sample size of each month and one month reviewed as a whole, sample sizes of all months (if the number of clients and units of service is astronomically high), or all of the months for the fiscal year.

The compliance staff will verify and determine the number of units/ households match with the supporting documents the City of El Paso receives, verify and determine the client’s income equals to or is lower than the 80% of the median income for the Standard Metropolitan Statistical Area, determine if the sub-recipient is providing only the direct services that are stated in the written agreement, the correct eligibility certification is being utilized dated within 12 months of the sample service date, filled out completely, and signed by the client.

The client must reside within the El Paso city limits. The following zip codes lie partially or completely outside the city limits.

The following zip codes **DO NOT** meet entitlement grant requirements.

Anthony	79821	Socorro	79927
Canutillo	79835	N. Upper Valley	79932
Fabens	79838	Horizon	79928
Ft. Bliss	79918, 79906	San Elizario	79849

Zip Code 79938 will be reviewed to determine if it is still within the El Paso city limits.

Overall, the compliance staff will review all provisions stated in the written agreement between the sub-recipient and the City of El Paso.

**Facility Monitoring:**

In addition to financial and programmatic monitoring that the Department of Community and Human Development conducts during the fiscal year, the compliance staff conducts other grant funded projects that entitle a different type of monitoring. These other projects that the Department of Community and Human Development are in collaboration with other city departments (specifically with Capital Improvement Department) work with entities that receive funding for facility renovations. Facility renovations can be defined in multiple type of projects. These projects can be a roof renovation to a building to a complete renovation of a facility. The facility project is specific in accordance to the CDBG or ESG grant fund.

Once the project completes its construction or renovation, the compliance staff coordinates with the assigned grant administrator/ planner with the requirements the sub-recipients must follow for the duration of the agreement. One required document that is requested from the entity will be an Annual Utilization Report and the Race and Ethnicity Income Report.

The Annual Utilization Report is a report used by the department to collect information on specific reporting requirements that are reported to HUD. Information on this report includes: the nature of activities at the sub-recipient's facility, the number of individual serviced based of the number of clients served per activity, which HUD National Objective being used and if they are achieving it (e.g. Low Moderate Area, Low Moderate Limited Clientele), the facility's hours of operation, how the sub-recipient promotes the facility's usage, and the clientele's race and ethnicity

The Race and Ethnicity Income Report is a report that captures the race and ethnicity of the clients served.

These two documents are sent out to the entity around the middle of December of each year. The deadline for the entity to complete is January 31<sup>st</sup> of each year.

Most of the monitoring is based on an **X** amount of years after the project is completed, AND a total of 5 years of monitoring review. The five (5) years is the minimum. Additional time can be added. For every \$100,000 borrowed, an additional year is added to the five years. If any amendments are made during the time period of the monitoring, the duration of the monitoring may be restarted. This depends on the verbiage stated in the amended written agreement between the City and the entity.

The compliance staff shall attempt to monitor the entity the coordinated month that the Release of Lien the City holds with the entity. Supporting documents will be requested within the monitoring. {See a copy of the monitoring evaluation form to review which supporting documents the assigned grant administrator/ planner wishes for the compliance staff to review}. These supporting documents shall be requested for the compliance staff to receive days in advance before visiting the facility.

The monitoring visit will consist of the compliance staff following up with the entity with general questions and follow up questions from the supporting documents provided. This monitoring consists of the compliance staff visiting the facility and reviewing the renovated or constructed area where the grant funds were used.

After conclusion of the monitoring visit, the compliance staff will follow the same protocols to a programmatic monitoring with an exit conference meeting and monitoring report.

Once a facility project is in the final monitoring cycle, the City will gather all information of the monitoring to review if the entity was compliant during the time period. If the entity was compliant during the time period, the compliance staff will notify the assigned grant administrator/ planner once the final monitoring has been completed to coordinate and proceed the process of Release of Lien within the City's policies and procedures.

## **Exit Conference:**

After reviewing the documents for the program's compliance, the compliance staff will conduct an exit conference meeting with the sub-recipient to present preliminary conclusions from the monitoring. The conclusions are only preliminary because the compliance staff still must communicate with the assigned grant administrator/ planner with the conclusions discovered.

If the compliance staff are uncertain that there is deficiency that would classify non-compliance, the discussion with the assigned grant administrator/ planner will determine if the situation is deemed compliance or non-compliance. In this scenario, the compliance staff will let the sub-recipient know the situation, but will follow-up with a definitive conclusion.

If the compliance staff is 100% certain that there is non-compliance, the sub-recipient is told of the non-compliance directly in the exit conference, and that they must correct the deficiencies within the time frame given in the written agreement. A recommendation of technical assistance will be offered to the sub-recipient. Technical assistance shall be conducted with the grant administrator/ planner taking the lead in providing the guidance needed. Compliance staff will be available at the discretion of the grant administrator/ planner. Technical assistance is a form of educating the sub-recipient in improving the program. The assigned grant administrator/ planner and management will be notified of the situation. A non-compliance letter written by management will be sent out to the sub-recipient stating the necessities per the written agreement. A follow-up monitoring will be rescheduled once the sub-recipient has corrected its deficiencies. If the sub-recipient continues to be non-compliance, the assigned grant administrator/ planner, contracts administrators, and management (including the Director) will discuss any matters.

If the compliance staff is 100% certain that the program is compliant the sub-recipient is told during the exit conference. The assigned grant administrator/ planner is notified about the conclusions. A close out letter is sent out by management.

For a desktop monitoring, the exit conference meeting will occur the same day as the desktop monitoring. The assigned grant administrator/ planner may be available to participate in the exit conference meeting to listen to the preliminary conclusions. Those conclusions will be discussed with the sub-recipient present.

## Monitoring Reports

**Monitoring Reports:** Compliance staff has 30-days after the completion of the exit conference meeting/ desktop review to submit to the sub-recipient a written report of the final results of the monitoring visit.

- If the fiscal or programmatic monitoring results in no findings or concerns, a close out letter will be sent commending the agency and no further action is needed on behalf of the agency.
- If there are any findings, they will be listed and fully identified, along, with corrective actions that are highly recommended. A written response from the agency is required, otherwise, additional penalties that are stated in the written agreement will be enforced.
- If there is any concerns, they will be listed and fully identified, along with corrective actions that are recommended and included a deadline.
- Technical assistance will be recommended, and the grant administrator/ planner will conduct it.
- Additional information on concerns and findings, sees Section 4: Non-compliance of this manual.

**Response to Monitoring Report:** If the sub-recipient received a letter stating discrepancies of either findings or concerns, the entity must submit a written response within 30 days to the date of the letter. The letter is addressed and mailed to:

Nicole M. Ferrini, Chief Resilience Officer  
c/o Project Compliance  
Department of Community + Human Development  
801 Texas, 3rd Floor  
El Paso, TX 79901

The response should list each individual finding and/ or concern and a satisfactory response should be listed for each. Copies of any documentation to back up the response to the findings need to be included.

**DCHD Review of Agency Response letter:** Upon receipt of the sub-recipient's written response to the monitoring report from the non-compliance, the compliance staff will inform the assigned grant administrator/ planner and their supervisor, the management team, and contracts administrator's team. All will review the letter and determine if the agency's reply to the non-compliance and validate if it is sufficed.

The sub-recipient will:

- Address the findings and/or concerns, and satisfactorily corrected them.

The City will:

- Send a response letter stating a follow-up monitor to review the corrections. Once the compliance staff can confirm that the corrections were made, a close out letter will be sent to the sub-recipient. Otherwise, if the corrections were not corrected, the compliance staff will discuss with management, contract's administrator's team, and the assigned grant administrator/ planner for further actions. The Director must be addressed of the situation.

**Audit Report:** The audit report must state that the audit was made in accordance with the provisions of OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations," in addition to the Generally Accepted Audition Standards in "Government A1 Auditing Standards."

At a minimum, the single audit report should be made up of the following reports:

- The auditor's report on the financial statements of the recipient, and a set of the financial statements themselves. (General Requirements)
- The auditor's report on Schedule of Federal Assistance. The federal expenditures must be shown for each federal assistance program.
- The auditor's report on the study and evaluation of internal controls systems. The report should identify significant internal accounting controls and any controls designed to provide reasonable assurance that federal programs are being managed in accordance with laws and regulations. Likewise, the report should identify the controls not evaluated and the material weaknesses identified as a result of the evaluation.
- The auditor's report on compliance with the laws and regulations that may have material effect on each major federal program.
- The auditor's report on compliance with certain specific requirements of non-major programs. (if required)
- The auditor's report on the schedules of findings and questioned costs. (Only if it is not presented directly in the compliance reports)
- The auditor's report on fraud, mismanagement, abuse, or illegal acts. (if any)

Each contract specifies the period within which audits must be turned in at the close of the fiscal year or the close of the contract. Two copies of the audit, any separate management letter, and the agency's response thereto must be submitted within the time frame allowed by the contract.

**Note:** The Grantee shall conduct, through an independent auditor acceptable to the City, a single audit of its activities when the Grantee expends \$750,000 or more in a year in Federal awards, in compliance with OMB Circular A-133.

The Grantee's auditor shall prepare a Certificate of Audit to be provided to the City. The Certificate of Audit, along with the corresponding management letter and the Grantee's responses must be submitted within six months after the end of the Grantee's fiscal year.

Failure of the Grantee to provide the required Certificate of Audit to the City within the time period required will constitute a breach of the contract and will be cause for termination of the contract by the City.

If the Grantee expends less than \$750,000 in a year in Federal awards, the City will require no single audit of the Grantee's activities, and the funds received under this contract shall not be utilized for this purpose. However, the Grantee must have an external audit of their financial statements conducted to ensure ability to demonstrate fiscal responsibility to the City.

## 2.0 Housing

### First Time Home Buyer Monitoring (FTHB)

The First Time Home Buyer Program is intended to assist low to moderate income individuals and families in achieving their goal of homeownership as well as to promote affordability.

The city website under the Department of Community and Human Development present more information for individuals that wish to participate in the First Time Home Buyer Program.

First Time Home Buyer is primarily monitored through:

- 1.) Loan
- 2.) Residing at the residence assisted
- 3.) Home insurance requirements

The homeowner participating in the First Time Home Buyer program is required to maintain the loan in good standing, while residing in the home (*see affordability period diagram*) and have a current and valid homeowner's insurance policy. Loan servicing staff monitor the FTHB participants by ensuring the original homeowner on the HOME agreement and Deed of Trust is the recipient of the subsidy. Should the homeowner no longer be residing in the home, sell or rent the home within the affordability period, the debtor may be out of compliance, and a recapture as outlined in the Loan Processing Manual may be initiated. Loan servicing staff will follow protocols regarding the compliance status if this occurs.

First Time Home Buying Affordability Period (*Shown Below*):

HOME Funds Provided	Affordability Period
< \$15,000.00	5 Years
\$15,000.00 to \$40,000.00	10 Years
> \$40,000.00	15 Years

Any amount for new construction and refinancing will have a 20-year affordability.

### Single- Family Owner-Occupied Renovation (SFOOR)

Single-Family Owner-Occupied Renovation (SFOOR) is primarily monitored through:

- 1.) Loan, deferment, or a combination of both
- 2.) Confirmation of individuals residing at the residence assisted
- 3.) Home insurance requirements



The beneficiary of a SFOOR participating in the program is required to maintain:

- 1.) The loan in good standing
- 2.) Be living in the home receiving assistance
- 3.) Have a current and valid homeowner's insurance policy

Loan servicing staff monitor the SFOOR participants by ensuring the homeowner originally on the HOME agreement and deed of trust is the recipient of the subsidy. Should the homeowner no longer be living in the home, sell or rent the home within the affordability period, the debtor may be out of compliance and a recapture as outlined in the Loan Processing Manual may be initiated. Loan servicing staff will follow protocols regarding the compliance status if this occurs.

SFOOR Affordability Period (*Shown Below*):

HOME Funds Provided	Affordability Period
< \$15,000.00	5 Years
\$15,000.00 to \$40,000.00	10 Years
> \$40,000.00	15 Years

Any amount for new construction and refinancing will have a 20-year affordability.

### **Monitoring Process:**

The Accounting and Collections staff will:

- 1.) Review loan delinquencies.
- 2.) Verify residence of recipient of subsidy.
- 3.) Ensure current homeowner's insurance policy is in place. (*Housing staff verifies the insurance policy, not Accounting and Collections staff*)

If there are discrepancies, the Accounting and Collections staff will notify the compliance supervisor. The compliance supervisor will investigate and update the Housing Program Manager. The Housing Program Manager will advise the City Attorney's Office during the loan committee review for follow-up on next course of action.

### **Minor Repair**

Minor Repair assistance is funded on a full deferment and not subject to monitoring. However, the Minor Repair recipient is bound to a promissory note where they must live in the assisted home for a maximum period of four years.

## **Sewer Connection**

Sewer connection assistance is funded on a full deferment and not subject to monitoring. Like Minor Repair assistance, the sewer connection participating recipient is bound to a promissory note to live in the assisted home for a period of two years to four years while receiving the assistance.

## **Multi-Family Rental (CHDO/ Investor)**

### **Policies and Procedures for Affordable Multi-family Rental Program Tenant File Review**

#### **Overview**

Affordable Housing Providers (AHP) are monitored on a yearly basis by the Housing Division staff to verify income and eligibility requirements of all household members occupying HOME Investment Partnership or Community Development Block Grant (CDBG) funded multi-family rental units.

This is to ensure the participant's compliance with the HOME program guidelines as required by HUD 24CFR Part 5 Technical Guide for Determining Income and Allowances for the HOME Program, HOME Rule 2013, and HUD Handbook 4350.3.

#### **Master Monitoring Schedule**

A master monitoring schedule spreadsheet is maintained and updated by the Housing Division staff.

The schedule provides information to include:

- 1.) IDIS Number
- 2.) Funding Sources
- 3.) Property and Contact Information
- 4.) Number of Units and Units Size
- 5.) Rent, and Rent Approval Dates
- 6.) Monitoring History

The master monitoring schedule tracks reports such as the Affirmative Marketing and Available Vacancies, monitoring start and completion dates, Uniform Property Condition Standards (UPCS) completion to alert the Affordable Housing Providers (AHP) of the date of the next UPCS to ensure compliance of AHP with HUD requirements.

## Yearly Reports

Affirmative Marketing and Available Vacancies Reports are due on January 15th of each year reporting the previous calendar year vacancy and marketing activity. AHP managers submit the annual reports with documentation as to advertising, waiting lists and other sources to identify new applicants/tenants. These reports are required even when there were no vacancies during the reporting year.

See Appendix II-1 for a sample of an Affirmative Marketing and Available Vacancy report. This report is subject to change on yearly basis.

A tenant file review report, Monitoring Worksheet, is completed at least once per fiscal year per project. The fiscal year goes from September 1st to August 31st. The first yearly Monitoring Worksheet date is established as one year after the project completion date in IDIS.

New Investors and Community Housing Development Organization (CHDO) managers, as well as managers who have a new complex, but have had compliance issues with existing complexes, are required to submit their initial applicant files for HPD staff to review prior to signing leases.

Housing Division staff provides additional training, as needed, until the file is compliant.

At that time, Affordable Housing Providers (AHP) staff is notified by Housing Division staff that the applicant may sign a lease. This initial rental date becomes the date for a 6- month review to assure tenant files are being maintained correctly. Upon the completion of the 6-month review, the completion date becomes the annual tenant file monitoring date.

Affordable Housing Providers are notified, in writing, 30 (thirty) days in advance to schedule tenant file reviews. All complexes are reviewed at least once within the HPD fiscal year. The fiscal begins on September 1st and concludes on August 31st.

## Process

### Tenant File Review Report:

1. A 30-day notice is sent to the Affordable Housing Provider to coordinate a monitoring date, and request required files/documents to be monitored.
2. The monitoring review begins on the date the AHP delivers the tenant files to Housing Division office. There is the other option where Housing Division staff can electronically review the files at the Affordable Housing Provider's office or an on-site alternate location.
3. The review initiates the creation of a Monitoring Worksheet (MW) which contains extensive information, rules, and requirements for that complex.
4. Each unit tenant file is reviewed, and findings documented on the MW. In larger complexes, a random 20% of units can be reviewed. However, if this sample determines a high error rate, all files are subject to review.

5. When corrections or additional documentation is required, the MW is used to document and notify the AHP by email and/or regular mail for remaining requirements for compliance. **Note:** Certified receipt may be requested for mail.
6. Corrections and/or additional documentation are to be provided by the due date provided by Housing Division staff.
7. The Monitoring Worksheet documents:
  - a. The date of monitoring
  - b. IDIS date of Project Completion for Affordability Period
  - c. Date(s) the Monitoring Worksheet was sent to the AHP as completed
  - d. AFH contact information
  - e. The number of total units and required low home rent units
  - f. Continued requests for action to complete the review with a required due date unit number
  - g. Bedroom size
  - h. Household members
  - i. Lease/ addendum expiration date
  - j. Rent, and utilities paid by tenant
  - k. Required low income units are identified
  - l. Proof of income including subsidies
  - m. Average Monthly Income (AMI)
8. The Monitoring Worksheet compliance guidelines must include:
  - a. Funding source
  - b. Required affordability years
  - c. Rents and incomes
  - d. Status of Affirmative Marketing and Available Vacancies Reports
  - e. Date of the next Uniform Property Condition Standards (UPCS) inspection.
9. MW also indicates any unique requirement for the complex including CHDO Management Participation documentation in tenant files and/or AHP management files.
10. Upon completion of the tenant file review, the final Monitoring Worksheet is generated to indicate no further information is needed. The AHP will receive the report via email or mail.
11. For non-compliance the Contracts Administrator, HDP Manager, Department Director will contact the Housing Program for a certified receipt return mail and regular mail and possibly email progressively at 30- day intervals of the noncompliance and any actions the City will impose. The City legal department will be notified and will review the situation to see if any legal action is required. Each situation will be evaluated on a case by case basis.
12. DCHD staff files the monitoring worksheets and the following year's review is set one calendar year from the initial monitoring date.

## Tenant File Documentation

1. Lease – Must be signed, initialed (when required), and dated by both the tenant(s) and the landlord or representative.
2. A one-year lease is required by HUD does allow waivers.
3. Waivers are used when another time period is recognized for the yearly lease. The waiver must indicate the length of the waiver and be signed. Notes in the tenant file or on the waiver will indicate the purpose of the waiver. An example is if a one-year lease has been signed, but the tenant is expecting to leave town for a job but does not know when. The document waives the yearly requirement and allows the tenant to rent on a month to month basis per the waiver; therefore, a monthly renewal lease is not required. Original signatures are **required**.
4. All occupants must be listed on the lease. All required fields in the application must be filled with the appropriate information or N/A, and no spaces shall be left blank. Original signatures are **required**.
5. Addendum to the lease must be signed and dated by both the tenant and the landlord or representative. All required fields in the application must be filled with the appropriate information or N/A. Nothing should be left blank. Original signatures are **required**.
6. A current Housing voucher award letter will be in the tenant file if the tenant/family is receiving Section 8 assistance.
7. Tenant Participation Plan (CHDO) may require that the documents be included in the tenant file such as surveys required at least renewal. However, if there are meetings followed by agendas, attendance records and minutes will be required in an AHP management file and will be reviewed for compliance by Housing Division staff.
8. Tenant Selection Processes that require standard paperwork to be completed by applicants such as a pre-application, are to be maintained in the tenant file.
9. Income Coversheet – All household members must be listed. Income, assets, and income from assets for all household members over the age of 18 must be included, except for the income exclusions listed in HUD 24 CFR Part 5. The total household income must be calculated, entered on the form which must be signed and dated.
10. Income Worksheet – All household members must be listed, and all income for all household members over the age of 18 must be included, except for the income exclusions listed on HUD 24 CFR Part 5. All calculations must be shown, identified as to source per the form and listed as income.
11. Asset Worksheet - All household members must be listed, and all assets and income from assets for all household members over the age of 18 must be included, except for the asset exclusions listed on HUD 24 CFR Part 5. All calculations must be shown, identified as to type of income and listed as income.
12. Uniform Property Condition Standards (UCPS) – Uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant 24 CFR 5.703.

**Note:** Additional information on responsibilities for HOME project compliance on multi-family rental, see Appendix II-2 and II-4.

## Uniform Physical Condition Standards Inspections

The Uniform Physical Conditions Standards (UPCS) is uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to 24 CFR 5.703. These standards are newly adopted for HOME rehabilitation, acquisition, and tenant-based rental assistance projects in accordance with revisions made to the property standards requirements at §92.251.

These new requirements become effective on January 24, 2015.

Housing Construction Specialist is responsible to schedule and conduct UPCS inspections per the required process and frequency outlined.

### A. General Property Standards

#### New Construction Projects.

New construction projects are required to: State and local codes, ordinances, and zoning permits.

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

The housing must meet the applicable requirements upon project completion.

#### HUD Requirements.

All new construction projects must also meet the requirements described by HUD.

**Accessibility.** The housing must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

**Disaster Mitigation.** Ensure that the housing must be constructed to mitigate the impact of potential natural disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

**Cost Estimates, Construction Contracts and Construction Documents.** The City of El Paso ensures that the construction contracts and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted. The City must also review and approve written cost estimates for construction and determining that costs are reasonable.

**Construction Progress Inspections.** The City of El Paso conducts progress and final inspections of construction to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents.

**Broadband Infrastructure.** For new commitments made after January 19, 2017 for a new construction housing project of a building with more than four rental units, the construction will include installation of broadband infrastructure, as this term is defined in 24 CFR 5.100, except where the City of El Paso determines and, in accordance with §92.508(a)(3)(iv), documents the determination that:

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

## **B. Rental Rehabilitation Projects.**

All rental rehabilitation that is performed using HOME funds must meet standard requirements. The City of El Paso has established rental rehabilitation standards for all HOME- assisted housing rehabilitation activities that set forth the requirements that the rental housing must meet upon project completion.

The City of El Paso's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes.

The rehabilitation standards must address each of the following:

**1. Health and Safety.** The City of El Paso's standards identifies life-threatening deficiencies that must be addressed immediately if housing is occupied.

**2. Major Systems.** Major systems are structural support, roofing, cladding, and weatherproofing (i.e., windows, doors, siding, gutters), plumbing, electrical, and heating, ventilation, and air-conditioning.

For rental housing, the City of El Paso's standards must require the City of El Paso to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major systems.

For multi-family housing projects of 26 units or more, the City's standards must require the City of El Paso to determine the useful life of major systems through a capital needs assessment of the project.

For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the City's standards must require the City of El Paso to ensure that a replacement reserve is established and monthly payments are made to the reserve that are adequate to repair or replace the systems as needed.

For homeownership housing, the City of El Paso's standards must require, upon project completion, each of the major systems to have a remaining useful life for a minimum of 5 years or for such longer period specified by the City of El Paso, or the major systems must be rehabilitated or replaced as part of the rehabilitation work.

**3. Lead-Based Paint.** The City of El Paso's standards require that the housing meet the lead-based paint requirements at 24 CFR part 35.

**4. Accessibility.** The City of El Paso's standards require that the housing meet the accessibility requirements in 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable.

Covered multi-family dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.

**5. Disaster Mitigation.** Where relevant, the City of El Paso's standards require that the housing to be improved to mitigate the impact of potential natural disasters (e.g., earthquake, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, and requirements.

**6. State and Local Codes, Ordinances, and Zoning Requirements.** The City of El Paso's standards require that the housing meet all applicable State and local codes, ordinances, and requirements or, in the absence of a State or local building code, the International Existing Building Code of the International Code Council (ICC).



**7. Uniform Physical Condition Standards.** The standards of the City of El Paso ensure that, upon completion, the HOME-assisted project and units will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703.

**§5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).**

HUD housing must be decent, safe, sanitary and in good repair. Owners of housing described in §5.701(a), mortgagors of housing described in §5.701(b), and PHAs and other entities approved by HUD owning housing described in §5.701(c), must maintain such housing in a manner that meets the physical condition standards set forth in this section in order to be considered decent, safe, sanitary and in good repair. These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

(a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.

(b) *Building exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.

(c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.

(d) *Dwelling units.* (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.

(2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).

(3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.

(4) The dwelling unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each level of the unit.

(e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.

(f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or of garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).

(g) *Compliance with State and local codes.* The physical condition standards in this section do not supersede or preempt State and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

HUD will establish the minimum deficiencies that must be corrected under the City of El Paso's rehabilitation standards based on inspected items and areas from HUD-prescribed physical inspection procedures (*Uniform Physical Conditions Standards*) pursuant to 24 CFR 5.705.

**§5.705 Uniform physical inspection requirements.**

Any entity responsible for conducting a physical inspection of HUD housing, to determine compliance with this subpart, must inspect such HUD housing annually in accordance with HUD-prescribed physical inspection procedures. The inspection must be conducted annually unless the program regulations governing the housing provide otherwise or unless HUD has provided otherwise by notice.

**8. Capital Needs Assessment.** For multi-family rental housing projects of 26 or more total units, the City of El Paso determines if all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment of the project.

**9. Broadband Infrastructure.** For new commitments made after January 19, 2017 for a substantial rehabilitation project of a building with more than four rental units, any substantial rehabilitation, as defined in 24 CFR 5.100, will provide for installation of broadband infrastructure, as this term is also defined in 24 CFR 5.100, except where the City of El Paso determines and, in accordance with §92.508(a)(3)(iv), documents the determination that:

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

### **C. Ongoing Property Condition Standards**

The City of El Paso has established property standards for rental housing that apply throughout the affordability period. These standards must ensure that owners maintain the housing as decent, safe, and sanitary housing in good repair.

The City of El Paso's description of its property standards provide sufficient detail to establish the basis for a uniform inspection of HOME rental projects. The City's ongoing property standards address the following:

**1. Compliance with State and Local Codes, Ordinances, and Requirements.** The City of El Paso's standards require the housing to meet all applicable State and local code requirements and ordinances.

In the absence of existing applicable State or local code requirements and ordinances, at a minimum, the City of El Paso's ongoing property standards include all inspected items and areas specified by HUD based on HUD's physical inspection procedures (Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR 5.705. The City's property standards are not required to use any scoring, item weight, or level of criticality used in UPCS.

**2. Health and Safety.** The City of El Paso's standards must require the housing to be free of all health and safety defects. The standards must identify life-threatening deficiencies that the owner must immediately correct and the periods for addressing these deficiencies.

**3. Lead-Based Paint.** The City of El Paso's standards must require the housing to meet the lead-based paint requirements in 24 CFR part 35.

Projects to which HOME funds were committed before January 24, 2015 must meet all applicable State or local housing quality standards or code requirements, and if there are no such standard or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

#### **D. Required Inspections.**

The City of El Paso undertakes ongoing property inspections, in accordance with §92.504(d).

**1. On-Site Inspections and Financial Oversight.** The City of El Paso inspects each project at project completion and during the period of affordability to determine that the project meets the property standards of § 92.251.

**2. Completion Inspections.** Before completing the project in the disbursement and information system established by HUD, the City of El Paso performs an on-site inspection of HOME-assisted housing to determine that all contracted work has been completed and that the project complies with the property standards of § 92.251.

**3. Ongoing Periodic Inspections of HOME-Assisted Rental Housing.** During the period of affordability, the City of El Paso performs on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of § 92.251 and to verify the information submitted by the owners in accordance with the requirements of § 92.252. The inspections are in accordance with the inspection procedures that the City of El Paso has establishes to meet the inspection requirements of § 92.251.

#### **E. Inspection Frequency**

##### **Property Owner Certification**

The property owner is required to annually self-certify to the City of El Paso, that each building and all HOME- assisted units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing

property standards established by the City of El Paso to meet the requirements of § 92.251 by submitting a certified letter stating suitable occupancy compliance.

**Note:** The City of El Paso reserves the right to verify the self-certification through a full inspection based on health and safety concerns.

### **Scheduling Inspections**

The on-site inspections must occur within 12 (twelve) months after project completion and at least once every three years thereafter during the period of affordability.

### **Inspection procedures**

The City of El Paso has established written inspection procedures that include detailed inspection checklists, description of how and by whom inspections will be carried out, and procedures for training and certifying qualified inspectors. The procedures also describe how frequently the property will be inspected, consistent with this section, § 92.209, and §92.504(d). (*See checklist attachment*)

### **Inspections**

Inspections are based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through notice. For projects with one-to-four HOME-assisted units, the City of El Paso must inspect 100 percent of the HOME-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing HOME-assisted units.

All housing occupied by tenants receiving HOME tenant-based rental assistance must meet the standards in 24 CFR 982.401 or the successor requirements as established by HUD. The City of El Paso jurisdiction must perform annual on-site inspections of rental housing occupied by tenants receiving HOME-assisted TBRA to determine compliance with these standards.

### **Deficiencies**

If there are observed deficiencies for any of the inspected items in the property standards established by the City of El Paso, in accordance with the inspection requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 30 days.

The City of El Paso may establish a list of non-hazardous deficiencies for which correction can be verified by a re-inspection. Health and safety deficiencies must be corrected immediately, in accordance with § 92.251.

The City of El Paso has adopted a more frequent inspection schedule for properties that have been found to have health and safety deficiencies in accordance with the Compliance in HOME Rental Projects Manual.

In relation to deficiencies, see Chapter 6 in the Compliance in HOME Rental Projects Manual.

### **Corrective and remedial actions**

The City of El Paso has procedures for ensuring that timely corrective and remedial actions are taken by the project owner to address identified deficiencies in accordance with the Compliance in HOME Rental Projects Manual. For information on the corrective and remedial actions, see Appendix II-5.

### **3.0 Environmental Regulation**

The primary objective of the HUD environmental review is to identify specific environmental factors under 24 CFR Part 58 regulations that may be encountered at potential project sites and to develop procedures to ensure compliance with regulations pertaining to these factors. The City acts as the Responsible Entity (RE) to ensure all regulations are implemented under the National Environmental Policy Act (NEPA).

The City of El Paso programs vary in terms of the type of application, the scope of program activities and geography, a standard set of review documents and procedures designed to produce a consistent programmatic environmental review that provides for the greatest protection and accountability across all HUD related activities.

The HUD environmental review process within the City's jurisdiction must be completed before federal funds can be utilized for the following programs:

- Community Development Block Grant (CDBG)
- Home Investment Partnership Program (HOME)
- Emergency Solutions Grant (ESG)
- Housing Opportunities for Persons with Aids (HOPWA)
- Homeless, Housing and Services Program (HHSP)
- Supportive Housing Programs
- Other grants that require 24 CFR Part 58 compliance

For a complete review of 24 CFR Part 58 environmental review regulations, see the City's Environmental Review Policy, Procedures, and Standards 24 CFR Part 58 manual. A sample of attachments utilized within an environmental review will be included in this compliance manual. However, all attachments will be included in the Environmental Review Policy, Procedures, and Standards 24 CFR Part 58 manual.

## **Environmental Review Record (ERR) References**

### **Historic Preservation**

Section 106 Submissions – Need to create an account

<https://xapps.thc.state.tx.us/106Review/>

### **FEMA Flood Maps**

<https://msc.fema.gov/portal/>

### **Wetlands**

<https://www.fws.gov/wetlands/Data/Mapper.html>

### **Endangered Species**

<https://www.fws.gov/endangered/>

### **Farmlands**

[https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/technical/nra/nri/results/?cid=nrcs143\\_013686](https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/technical/nra/nri/results/?cid=nrcs143_013686)

### **Airport Noise**

<http://gis-arccgis02/communitydevelopment/>

### **HUD DNL Calculations (if necessary)**

<https://www.hudexchange.info/environmental-review/dnl-calculator/>

### **Explosives**

ASD Calculations (if necessary)

<https://www.hudexchange.info/environmental-review/asd-calculator/>

### **Airport Hazards**

<https://www.epa.gov/nepa/nepassist>

### **Toxic / Contamination**

<https://www.epa.gov/nepa/nepassist>

### **Mapping Tools**

<http://gis-arccgis02/communitydevelopment/>

\*\* Load Google Earth on computer – IT request

## Environmental Review Guidance

### HUD

<https://www.hudexchange.info/programs/environmental-review/>

### Environmental Review Training

<https://www.hudexchange.info/trainings/wiser/>

### Environmental Review Records Management

HEROS – (Submit Environmental Review Records electronically) (Need to create an account)

<https://heros.hud.gov>

## Environmental Review Point of Contacts

Laura Myers  
Field Environmental Officer  
HUD – Ft. Worth Regional Office  
Ft. Worth, TX 76102  
817-978-5947  
[laura.l.myers@hud.gov](mailto:laura.l.myers@hud.gov)

Belinda Briseno  
HUD-Ft. Worth Regional Office  
801 Cherry Street  
Unit 45, Suite 2500  
Fort Worth, TX 76102  
[Belinda.briseno@hud.gov](mailto:Belinda.briseno@hud.gov)

**\* Mail RROF to this individual and email copies of RROF package to this individual too.**



## 4.0 Non-Compliance

As stated previously within this manual, during a monitoring on a sub-recipient, the primary goal for the compliance staff is to be assured that the sub-recipient complies with the requirements by both the City and HUD. However, a program may fail to meet the compliance standards that are set forth in the written agreement and go non-compliance.

Non-compliance composes to two types: concern and finding.

### Concern

A concern is a deficiency in the sub-recipient's program performance that is not based on statutory, regulatory, or program requirements. Corrective actions are not authorized, however, DCHD staff (made by the compliance staff and/ or the assigned grant administrator/ planner) will provide recommendations and explain to the sub-recipient that the concerns can become findings if they receive grant funding for the next fiscal year. Among one of the recommendations will be technical assistance conducted by the grant administrator/ planner. Technical assistance is a form of educating the sub-recipient in understanding and guiding them of how the program should present its requirements. The grant administrator/ planner will lead in providing technical assistance to the sub-recipient.

### Finding:

A finding is a deficiency in the sub-recipient's program performance based on material noncompliance with a statutory, regulatory, or program requirements. If a finding is detected, corrective actions or sanctions are authorized. The compliance staff must be 100% positive during the preliminary conclusions that a finding is discovered to explain to the sub-recipient during the exit conference meeting. In addition, the assigned grant administrator/ planner is notified.

If there is the possibility of a finding, compliance staff must consult with the assigned grant administrator/ planner on the preliminary conclusions. The compliance staff still consults with the sub-recipient with the preliminary conclusions of a finding, but also must explain to them that they will be notified on the final conclusions. This is to get overall feedback with the assigned grant administrator/ planner to decide if the preliminary finding is conclusive. Overall, whether preliminary or conclusive, if a finding is determined, the sub-recipient must correct it.

Corrective actions are offered by DCHD staff to the sub-recipient to have them return to full compliance for the fiscal year. It is advocated ideas into how a non-compliant program can receive a compliant status, in addition to improving the program. Among the suggestive ideas will be a recommendation of technical assistance by the grant administrator/ planner.

During the monitoring on-site visit, the compliance staff will have preliminary conclusions. The compliance staff must be 100% certain that non-compliance on the program has occurred. It will be a discussion that will involve the sub-recipient during the exit conference meeting, and with the assigned grant administrator/ planner when the staff return back from the on-site monitoring that there is a finding and/ or concern with the program.

A finding and/ or concern is not always 100% fully determined during a monitoring on-site visit. They will still notify the sub-recipient during the exit conference meeting the preliminary conclusions that there is a possibility of a finding and/ or concern. The sub-recipient will receive a follow-up before an official notification once the compliance staff and the assigned grant administrator/ planner have a discussion.

From the preliminary conclusions, the compliance staff will discuss with the assigned grant administrator/ planner of a possible finding and/ or concern. Reasons to discuss preliminary conclusions with the assigned grant administrator/ planner about a possible finding and/ or concern is: 1) communication is necessary between the compliance staff and the grant administrator/ planners, 2) the assigned grant administrator/ planner will have a better detail understanding of the scope of work on the sub-recipient's program since they work with the program coordinators on the goals. The compliance staff is reviewing a program in accordance to the written agreement and there may be more logical reasoning into how the program does their programmatic and may be more acceptable than what is believed.

The final conclusions are made within the discussion.

If a finding and/ or concern is determined, the compliance staff notifies management the situation. The assigned grant administrator/ planner and their direct supervisor is included in the notification. The compliance staff will fully brief management after the notification, and the next steps is to submit a monitoring report to the sub-recipient with its conclusions. Whether non-compliance or compliance, a monitoring report is sent out to the sub-recipient no less than 30 days after the on-site monitoring. The monitoring report, under a finding and/ or concern, the compliance staff must thoroughly detail each finding and/ or concerns on the sub-recipient's program. The compliance staff, with recommendations from the assigned grant administrator/ planner, will give corrective actions that the sub-recipient should implement for the program to receive a compliant status. Technical assistance will be one of those recommendations. The monitoring report will be sent to the sub-recipient by both email and postage mail.

Within the formal letter, the Department of Community and Human Development will inform that the sub-recipient will have a certain of number of days window (in accordance to the written agreement), starting from the date of the letter, to begin an initiative action plan to address the findings and/ or concerns. Once the sub-recipient has received the formal letter, they are required to respond to the monitor letter addressing the issues. This is stated in the terms of the written agreement. Normally, the sub-recipient will have thirty (30) days to submit a response letter.

However, the written agreement will state the total number of days a sub-recipient will have to respond back to the monitor letter. A failure to respond to the formal monitoring letter within the timeframe will lead to additional penalties (i.e. suspension of future payments) by the authorization and approval of both the Director and the Administrative Services Manager.

While the sub-recipient is working on corrective actions from the findings and/ concerns, both the compliance staff and the assigned grant administrator/ planner should review the written agreement with regards to the program. Specifically, within the terms of what may occur should the sub-recipient continue to follow a non-compliant status. Department staff must keep a positive outlook within this scenario. Both compliance staff and the assigned grant administrator/ planner must consider that the sub-recipient will be able to meet the corrective actions before the deadline given. By having the DCHD staff better understand the contract, they can present the department management options to what can occur if the sub-recipient fails to corrective the non-compliance.

Most contract agreements will have clauses that carry penalties if the sub-recipients does not comply in finishing or near completion of corrective actions towards the findings and/ or concerns.

If the sub-recipient does fail, the Director will make the final determination after collecting all the information from the department staff and management. During this determination, the Director at their discretion could give an additional extension of time for the sub-recipient to complete its corrective actions. The Director will judge the extension based off extenuating circumstances.

Should the Director decide that all resources have been exhausted to have the sub-recipient be in compliant for the program, the contract will be at full breach and terminated. The City Attorney's Office will be notified that the contract is breached and to proceed to terminate the agreement. The City Attorney's Office will take over the situation and update the Director and her management team the status.

As previously stated, each written agreement will vary on the language in accordance to the program with the sub-recipient.

## **8/12/2020 Amendment.**

The following amendment was approved by departmental management. This amendment of protocols will relate to sub-recipients failing to submit monthly reimbursement reports to the assigned grant administrator/ planner.

The following steps will occur if a sub-recipient(s) fails to submit reports

1. The grant administrator will contact sub-recipient regarding the status of overdue reports. The grant administrator will set a second deadline for sub-recipient to submit overdue reports. The grant administrator will also inform sub-recipient that reimbursement will be withheld if they do not submit overdue reports by second deadline.
2. If the sub-recipient misses second deadline, the grant administrator will coordinate with finance to withhold reimbursement. The grant administrator will also notify compliance.
3. Compliance will give sub-recipient 24 hours to submit overdue monthly reports.
4. If overdue monthly reports are not submitted within 24 hours, compliance will issue a letter of non-compliance to sub-recipient.
5. The City will initiate Section C. Suspension, Termination or Amendment of the written contract. Under Section C, the Director shall decide whether the sub-recipient's agreement will be terminated or suspended.

## 5.0 State of Disaster- National Emergency Procedures

COVID-19 is classified as an infectious disease caused by a severe acute respiratory syndrome coronavirus strain. It was identified in China on December 2019, and has spread worldwide where the World Health Organization classified in 2020 as a pandemic as more than 25 million people in over 187 countries and territories were diagnosed, and more than one million have died worldwide with the virus strain.

The Department of Community and Human Development has established protocols for compliance during the COVID-19 pandemic and for future unforeseen State of Disaster and National Emergency events.

Safety is the primary focus for both City staff and its sub-recipients.

Once a declaration of such catastrophic event that involves city, state, and federal to declare, the City shall invoke any protocols for its staff and community regarding safety. Those protocols could involve City department shutting down their offices to the public for the concern of everyone and have City staff begin working remotely from their personal homes to continue City business. The City will decide when offices will reopen to the public and when City staff (if any are working remotely) will return to their offices to continue working from their desks instead from their homes. This is a scenario that can occur; similar to the situation that happened Spring 2020 during the COVID-19 pandemic.

During this situation, the Department of Community and Human Development compliance staff shall notify all sub-recipients that have been issued notifications for monitoring within the next days, weeks, and months that their on-site or desktop monitoring has been postponed until further notice. If sub-recipients carry non-compliance issues from a current monitoring and were scheduled for a follow up, the Director will initiate a clause in the written agreement to extend the period until both local and state authorities deem the State of Emergency and National Emergency has been lifted.

Since the City may declare City staff to work remotely from their homes, the Department of Community and Human Development will follow the ordinance set by the City, however, are aware that management may declare certain staff members to continue working in the department's main offices due to the nature of their job duties. Those working in the main offices, management are required to provide Personal Protective Equipment (PPE). Staff working from home that need to go to the offices for work-related activities will require approval from management. Work-related activities could be City access to input or retrieve data, collect files, or job duty related activities that requires the necessity to make the visit.

## Grant Programmatic Monitoring

Once compliance staff have notified all sub-recipients that were scheduled for monitoring, a decision to reschedule in the upcoming weeks or months should not be considered until the Director to the Department of Community and Human Development receives confirmation from the City that will allow compliance monitoring to continue. This confirmation will include City staff returning back to work in the office.

Once the City makes the decision to have all City staff return back to work in their offices, management will discuss with the compliance staff the status of monitoring for the current fiscal year. The department should view the current timeframe of the fiscal year and additional factors to where monitoring can continue.

Factors can be:

- Is the fiscal year near its conclusion?
- Status of current written contracts?
- Status of sub-recipient's organization following the State of Disaster and/ or National Emergency event?
  - How long will it take the organization to recover from the event?
  - How long will it take the program that is funded to fully comply with the written contract agreed with the City?
- Status of department staff from the event?
  - State of mind of the staff?
  - Physical concerns of the staff?

Compliance staff will provide their recommendations in writing to management to whether or not continue programmatic monitoring for the fiscal year within the factors.

If programmatic monitoring resumes, compliance staff shall review the calendar to schedule programs that will be monitored. Depending on the timeframe of the fiscal year, a certain number of programs will be monitored. The number of programs monitored could be less than the average normal to keep the safety measures with the staff as high priority. Any non-compliant programs that were scheduled prior to the State of Disaster/ National Emergency will be scheduled first to attempt a close out of the monitoring.

***If on-site monitoring is allowed for the fiscal year.*** During a programmatic monitoring at an on-site facility, Personal Protective Equipment will be required to wear. This is for safety concerns of both the compliance staff and the sub-recipient. Programmatic monitoring will consist a rapid pace. A quick entrance meeting, review, and exit meeting. This is to assure the safety of the sub-recipient and compliance staff.

If on-site monitoring is allowed during a State of Disaster/ National Emergency, only compliance staff employees that do not have “at-risk” conditions defined by the City, Federal, and health guidelines will be allowed to conduct monitoring. Any employee that has “at-risk” conditions will not be allowed during a State of Disaster/ National Emergency to monitor on-site. City departments do not want to risk liability issues if an employee with “at-risk” conditions is put in the situation to monitor on-site.

If a State of Disaster/ National Emergency continues into a new fiscal year, and monitoring will occur, a minimum of only 20% of the sub-recipients shall be monitored to reduce risk from staff and follow safety protocols under City and County Health guidelines.

***If programmatic monitoring does not resume.*** All monitoring will be cancelled for the remaining of the fiscal year with the exceptions of sub-recipients that hold a non-compliance within the current fiscal year. Compliance staff are required to complete and close out any sub-recipients that have programs that hold a non-compliance. Since all grant funded programs require compliance staff to visit their facility to conduct programmatic monitoring due to federal and health regulations, negotiation between the City and the sub-recipient may occur to attempt making the on-site monitoring into a desktop monitoring to reduce the high risk of safety for compliance staff. In addition, compliance staff may request with management to find additional recommendations to help reduce the high risk of safety (i.e. shorter version of programmatic monitoring).

Programmatic monitoring will resume until the new fiscal year once the State of Disaster/ National Emergency has been lifted.

## **Virtual Monitoring**

Virtual monitoring will be reviewed as an available option if:

- HUD allows and approves virtual monitoring for grant programs. The City must confirm with HUD if virtual monitoring will be allowable during the untimely event.
- The written contract between the City and sub-recipient agree as an alternative if on-site monitoring is unavailable

- If virtual monitoring is not listed in the written contract, an amendment stating virtual monitoring as a possible option will be required for both the City and the sub-recipient.
- The City exercises the option of virtual monitoring (if stated in the written contract), however both parties must work together in exercising this option.
- The City must confirm with the sub-recipient if virtual monitoring is an available option. The sub-recipient may or may not have the available tools to conduct a virtual monitoring. The City must confirm if the sub-recipient current status of availability during the time of a national emergency/ state of disaster. An example of status of availability can be the program has been paused and staff is on leave (i.e. furloughed or terminated) during the time of events.

Virtual monitoring will use a share drive (i.e. SharePoint, OneDrive). This share drive can come from either the City or from the sub-recipient. Though for security reasons, it is recommended that the sub-recipient provide the share drive link. The City's share drive will be the secondary option if the sub-recipient does not have a share drive to use.

Within the share drive, the sub-recipients will submit the requested documents required for review. Compliance staff should not make sub-recipients submit documentation that does not relate to the monitoring in the share drive. Any documentation outside the monitoring should be discussed with the sub-recipient in other forms of communication.

Evaluations of a virtual monitoring should be taken the same as a regular evaluation of a normal monitoring. Compliance staff will complete it before the time frame given within the written contract, as well to the sub-recipient in responding to the follow-up/ close out letter.

## **Hybrid Monitoring**

Hybrid monitoring is a combination of both virtual and on-site monitoring. Virtual monitoring consists of the sub-recipient submitting non-sensitive documents through a share drive and conduct a video-conference meeting that will consist of being the entrance evaluation questionnaire. During an on-site monitoring, the questionnaire is part of the entrance meeting that happens between compliance staff and the program coordinators. The video-conference meeting is to reduce exposure during a health situation. The on-site monitoring will have one compliance staff member visit the facility to review the files. If visiting the facility is not available, the secondary option in reviewing the sub-recipient's files will be in secure and safe location. This location will mainly be the department's main offices. Compliance staff will follow the City and health guidelines set forth when hosting a guest in an office. This includes cleaning the room that will be used and limiting the number of individuals visiting the office.



Hybrid monitoring will be reviewed as an available option if:

- HUD allows and approves virtual monitoring for grant programs. The City must confirm with HUD if virtual monitoring will be allowable during the untimely event.
- The City and the sub-recipient agree to a hybrid monitoring.
- The City must confirm with the sub-recipient if virtual monitoring portion is an available option. The sub-recipient may or may not have the available tools to conduct a virtual monitoring session.
- The City has an available compliance staff employee that does not carry “at-risk” conditions in accordance with the City and health guidelines provided. The City must take into consideration if a compliance staff employee has “at-risk” conditions, any site monitoring is not allowed for that individual. The City does not want to be liable for a staff employee to be exposed during those conditions.

### **Financial Monitoring**

The staff accountant conducts the financial monitoring. Financial monitoring will follow similar process to the grant fund program monitoring. The staff accountant monitoring protocols differ from the compliance staff monitoring protocols. The staff accountant does not monitor all financial programs during the fiscal year. They follow in accordance with their risk assessment conducted earlier to understand which programs will require monitoring during the fiscal year.

However, if the staff accountant does have financial monitoring that requires follow-up or needs, they will follow the current protocols for a financial monitoring prior to the State of Disaster/ National Emergency event. The staff accountant will be required to have Personal Protective Equipment to conduct the financial monitoring. Financial monitoring may be allowed to be conducted as a desktop monitoring. The sub-recipient will deliver the required documents the staff accountant will need to conduct the financial monitoring at the department’s main offices. Once the staff accountant completes reviewing the documents, the sub-recipient will be notified to return to pick up their documents. A quick exit conference will be conducted. Both the sub-recipient staff and staff accountant will maintain safety measures during the exit conference. The results will be presented, and the sub-recipient will receive their close out letter days later.

If financial monitoring is not required after the period of events, financial monitoring will resume the new fiscal year.

## **Housing Monitoring**

Housing monitoring/ inspections will follow similar protocols to both grant funded program and financial monitoring. Since housing monitoring/ inspections have a scheduled set on specific date each year, the monitoring during the State of Disaster/ National Emergency can be conducted by desktop monitoring and/ or virtually at 20% or at least one (1) unit. The desktop monitoring will be based on the condition of the State of Disaster/ National Emergency event. Though it will be highly recommended for all clients for the Department of Community and Human Development to submit its files electronically. It increases safety measures. The department recommends to its clients to invest in setting a cloud-based share drive to insert their files and share the link with the department.

Housing monitoring may continue by desktop monitoring or virtual monitoring once the State of Disaster/ National Emergency event has been lifted. On-site monitoring for housing may be considered optional if desktop/ electronic monitoring is successful during the situational event.

If on-site monitoring/ inspection is allowed during a State of Disaster/ National Emergency, only staff employees that do not have “at-risk” conditions defined by the City, Federal, and health guidelines will be allowed to conduct monitoring/ inspections. Any employee that has “at-risk” conditions will not be allowed during a State of Disaster/ National Emergency to monitor/ inspect on-site. City departments do not want to risk liability issues if an employee with “at-risk” conditions is put in the situation to monitor on-site.

## **State and Federal Funded Monitoring**

In the event that the state or federal government provide monetary assistance to a State of Disaster and/ or National Emergency, the City of El Paso and its departments under the umbrella will follow all rules and regulations into how funding shall be provided.

Financial and programmatic monitoring from additional funding for a State of Disaster and/ or National Emergency shall follow the rules and regulations from the state and federal government. The State and Federal government shall decide if financial and programmatic monitoring will be conducted by local government compliance (Department of Community and Human Development).

If compliance is allowed from another funding source, department staff that operates monitoring/ auditing shall follow the guidelines the state and federal government set forth. Compliance staff will not oversee any projects relating to outside funding sources. This is to keep the staff separate from projects that may be potentially audited at the request of the state and federal government.

Grant administrators/ planners should be the ones to oversee projects under state and federal government funding sources.

### **Overall**

Any additional protocols relating to State of Disaster and/or National Emergency shall be addressed by City officials and relayed to the department's staff.

## **IN CLOSING**

This manual has outlined administrative policies and procedures in collaboration with the City of El Paso, Department of Community and Human Development (DCHD), and U.S. Department of Housing and Urban Development (HUD).

Every effort has been taken to make sure the information in this manual is accurate and in agreement with the standards given from both the City and HUD.

In the event future local, state, and federal programs that the department receives, the department will design and implement policy and procedures, and amend this manual to incorporate the program.

In the event a conflict exists or develops that this manual does not afford a response, visit the HUD website for general information and/ or ask an immediate supervisor to the corresponding area of compliance for a solution.

The City of El Paso and the Department of Community and Human Development retains the right to make any changes to the materials contained in this manual from time to time to meet changing conditions, rules and regulations in meeting standards with HUD. Should new rules and regulations occur; revisions towards this manual will be updated to meet the standards that HUD deems necessary to be implemented for the City and the Department of Community and Human Development.

## **ADDITIONAL RESOURCES**

### **HUD Resources**

<https://www.hudexchange.info>

### **HEROS**

<https://www.hudexchange.info/programs/environmental-review/heros>

### **EPA's NEPAassist Website**

<https://www.epa.gov/nepa/nepassist>

### **FEMA Map Service Center**

<https://msc.fema.gov>

### **U.S. Fish & Wildlife Service's Information for Planning and Consultation tool (IPaC)**

<https://ecos.fws.gov/ipac>

**Web-based Instructional System for Environmental Review (WISER)** – Must be completed by all new staff and used as a refreshment for current staff.

<https://www.hudexchange.info/trainings/wiser/>

### **Financial Monitoring Guide**

[https://www.nationalservice.gov/sites/default/files/resource/CNCS\\_Financial\\_Monitoring\\_Training\\_508\\_0.pdf](https://www.nationalservice.gov/sites/default/files/resource/CNCS_Financial_Monitoring_Training_508_0.pdf)

### **City of El Paso, Community and Human Development**

<https://www.elpasotexas.gov/community-and-human-development>

### **Record Keeping Management**

<https://www.elpasotexas.gov/information-technology/records-management>

<https://www.elpasotexas.gov/~media/files/coep/facilities-fleet-maintenance/cityrecordsordinance-018176.ashx?la=en>

<https://www.hud.gov/sites/documents/22001C11ADMH.PDF>

[https://www.hud.gov/sites/documents/DOC\\_17114.PDF](https://www.hud.gov/sites/documents/DOC_17114.PDF)

# Glossary

- 1. Categorical Exclusion Subject to 58.5 (CEST):** According to 58.35(a), CEST are activities that do not require an Environmental Impact Statement (EIS) or Environmental Assessment (EA) plus a Finding of No Significant (FONSI), but do require compliance with the other federal environmental laws and authorities listed at 24 CFR Part 58.5 as well as the other requirements at 24 CFR Part 58.6.
- 2. Categorical Exclusion Not Subject to 58.5 (CENST):** According to 58.35(b), CENST are activities that would not alter any conditions that would require a review or compliance determination under the Federal laws and authorities cited in 58.5. These activities are still subject to the related laws and authorities of 58.6.
- 3. Census Definition of “Severely Disabled”:** Persons are classified as having a severe disability if they: (a) used a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one or more “functional activities” or need assistance with “ADL or IADL”; (c) are prevented from working at a job or doing housework; (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or mental retardation. Also, persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability.

Note: For purposes of this definition, the term “functional activities” includes seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking. An ADL is an “activity of daily living” which includes getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating, and toileting. An IADL is an “instrumental activity of daily living: and includes going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

- 4. Certified Public Accountant:** An accounting professional who has passed the Uniform CPA examination and other additional state certification and experience requirements. A CPA must complete a college level accounting program, pass the Uniform CPA exam, and have a certain amount of professional work experience in accounting.
- 5. CHDO:** At least 15 percent of HOME Investment Partnerships Program (HOME) funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. To qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.
- 6. Community Development Block Grant (CDBG):** A flexible program that provides communities with resources to address a wide range of unique community development needs. The program works to ensure decent affordable housing, provide services to the most vulnerable in local communities, and create jobs through the expansion and retention of business. CDBG appropriation is allocated between States and local jurisdictions called “non-entitlement” and “entitlement” communities.
- 7. Concern:** A problem noted by the compliance staff that has not yet put the sub-recipient out of compliance with the contract but might at some future date. If not properly addressed, it can result in sanctions.

8. **Contract Term:** This is the term during which the contract is in effect and is clearly stated in each contract. Expenses requested for reimbursement must be incurred during the term of the contract. Services billed as units must be performed during the contract term.
9. **Determination of Effect:** An application that needs to be filed if a property/ structure is determined to be listed or is eligible for listing in the National Register of Historic Places by the Texas Historical Commission (THC). The application is a detailed explanation of all proposed construction activities-both interior and exterior in the case of renovation and includes plans, specifications, and photographs of the project.
10. **Documentation:** Not only must a client meet the criteria for eligibility, you must have documentation to prove that eligibility present in your files. The appropriate eligibility certification is attached to each contract. Documentation of income and residence must be obtained for each client served under the entitlement grant program and updated once every 12 months. Should you have a client whom you cannot document under these guidelines, the services cannot be counted and billed towards the entitlement grant contract. Documentation should be obtained for each client prior to providing services under the entitlement grant contract. If documentation is obtained for the client later, and the client was not billed for another funding source, previous units served to the client may be billed to this contract.
11. **Emergency Solutions Grant (ESG):** A federal program established through the Stewart B. McKinney Act of 1987, amended by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, which places a new emphasis on assisting individuals and families to quickly regain stability in permanent rental housing after experiencing a housing crisis and/or homelessness. The purpose of the program is to help improve the quality and quantity of emergency shelters for homeless persons, to help cover the costs of operating emergency shelters for homeless persons, to help cover the costs of operating emergency shelters and transitional housing, to fund essential supportive services for homeless individuals and families so they can access needed services to improve their situation. The program is also use to fund short-term rental assistance to prevent homelessness, as well as to help move homeless people back into permanent rental housing. The program can also assist street outreach programs to connect unsheltered homeless persons with local housing and supportive services.  
  
The funds are available annually and are awarded through the Department of Community and Human Development through a grant's application process.
12. **Entitlement Grant(s):** CDBG -Community Development Block Grant Program (Annual)  
ESG – Emergency Solutions Grant Program (Annual)  
HOPWA – Housing Opportunities for Persons with AIDS (Annual)  
HHSP – Homeless, Housing and Services Program
13. **Environmental Assessment (EA):** Environmental assessment are activities that are neither exempt nor categorically excluded.
14. **Environmental Impact Statement (EIS):** Is known to be the highest level of review and is required after the completion of an Environmental Assessment (EA) that shows the project is determined to have a potentially significant impact on the human environment. EIS are activities that are neither exempt nor categorically excluded, which exceed the threshold of activities requiring an Environmental Assessment (EA).
15. **Exempt:** Activities that meet the requirements of 24 CFR 58.34(a)(1) to (11) do not have to comply with the other provisions of law or authorities cited in 58.5 except for the applicable requirement of 58.6.

- 16. Findings:** A deficiency in the agency’s program performance regarding compliance with the Contract, HUD regulations, or DCHD policy for which sanctions or other corrective actions are authorized. Findings are formally noted in the written report, and the agency is given a reasonable period in which to correct them.
- 17. First Time Home Buyer Program (FTHB):** A program intended to assist low- and moderate-income individuals and families in achieving their goal of homeownership as well as to promote affordability. The program provides zero percent (0%) deferred loans to first time homebuyers purchasing a property in the City of El Paso. The City only accepts applications from participating lenders and are processed on a first come, first-ready, first serve basis.
- 18. Home Investment Partnership Program (HOME):** A program that provides formula grants to States and local communities that are often with local nonprofit groups. The program funds a wide range of activities that include building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. This program is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.
- 19. Homeless Definition:** According to the McKinney Act, a homeless person is defined as one who lacks a fixed regular nighttime residence and an individual whose primary nighttime residence is: (a) a shelter for temporary accommodation, including welfare hotels, congregate shelters, and transitional housing for the mentally ill; (b) an institution providing temporary residence for individuals intended to be institutionalized; (c) a public or private place not designated for, or ordinarily used as a regular sleeping accommodation for human beings.
- 20. Homeless, Housing and Services Program (HHSP):** Allowable activities that include construction, development, or procurement of housing for homeless persons; rehabilitation of structures targeted to serving homeless persons or persons at-risk of homelessness; provision of direct services and case management to homeless persons or persons at-risk of homelessness; or other homelessness related activity. The program was established during the 81<sup>st</sup> Texas Legislature through an appropriations rider and codified during the 82<sup>nd</sup> Texas Legislature. The state provides funding to the eight largest cities in support of services to homeless individuals and families.
- 21. Household:** All persons related by blood, marriage or adoption who reside in the same dwelling. This includes grandparents, aunts, adult children, siblings, etc.
- 22. HUD:** The United States Department of Housing and Urban Development, funding source for Community Development.
- 23. HUD Environmental Review Online System (HEROS):** The Office of Environment and Energy for HUD developed an online system for developing, documenting, and managing environmental reviews. It covers all levels of environmental reviews for both Part 50 and Part 58 projects and includes on-screen guidance for competing HUD environmental reviews.
- 24. Independent Public Audit:** The independence of an auditor contracted by the parties that may have a financial interest in the business department being audited. The auditor requires to carry out their work freely and in an objective manner. Auditor contracted from the party may conduct an audit that is either internal or external or both based on the financial interests from the party.



**25. Limited Clientele Designation:** The national objective of this contract is to benefit low and moderate-income persons. HUD has granted a special status of “presumed benefit” to certain groups. By virtue of a client being in this group, the client is presumed to be income eligible. The following groups are considered limited clientele:

- Abused children
- Battered spouses
- Homeless persons
- Elderly persons aged 62 years and older
- Persons living with AIDS
- Migrant farm workers
- Adults meeting Bureau of Census’ definition of severely disabled persons
- 

**Note:** Limited clientele contracts clearly state this presumed benefit status. The presumed benefit status is not applicable to HOPWA.

**26. Monitoring Checklist:** A list of information that will vary based on the activity of monitoring. The checklist should identify the applicable laws and/or regulations with each activity area, the types of documentation required to maintain, and specify steps for site inspections and review of selected files.

**27. Monitoring Plan:** A developed step by step process as to how compliance monitoring is conducted with the entities that is receiving Federal, State, and/or local funding.

**28. Monitoring Schedule:** A specified date in the yearly calendar between the Compliance Staff and the sub-recipient when a monitoring visit will occur.

**29. Monitoring Visit:** A site visit from the Compliance Staff with the sub-recipient to confirm that they are in full compliance based on the contract. The staff will review during the visit to see if the facility has been maintained.

**30. National Environmental Policy Act (NEPA):** A United States environmental law that promotes the enhancement of the environment and established the President’s Council on Environmental Quality (CEQ).

**31. National Objective:** The national objective of the entitlement grant contracts is to benefit low and moderate-income persons.

**32. Notice of Grant Award (NGA):** A legal document given to the intended organization that indicates an award has been made and that funds may be requested from the designated Department of Health and Human Services payment system or office. The award shows the amount of Federal funds authorized for obligation and the budget period for the approved project.

**33. Programmatic:** The nature of long-term and strategic arrangement for the entity/ sub-recipient aimed at achieving a large-scale impact.

**34. Release of Lien (ROL):** The final stage of the contract between a sub-recipient and the City of El Paso. The City of El Paso holds the right to keep possession of the sub-recipient’s property until the debt owed is fully paid off. Once the sub-recipient pays off the debt owed, the City releases the right of possession back to them.

**35. Responsible Entity (RE):** The entity responsible in assuring that compliance under the National Environmental Policy Act (NEPA), and other related laws and all applicable environmental regulations. Per HUD, the RE is held responsible for the environmental review, decision-making and actions. The City of El Paso is the Responsible Entity.

- 36. Risk Assessment:** An overall process of identifying any hazards or risk factors that have the potential of causing harm. The strategy is to identify measures in eliminating or reducing any hazard or risk.
- 37. Single Audit:** An organization-wide financial statement and federal awards audit of a non-federal entity that expends \$750,000 or more in federal funds in one year. It provides assurance to the Federal government that a non-federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-federal entities typically includes states, local governments, Indian tribes, universities, and non-profit organizations.
- 38. Single-Family Owner-Occupied Renovation (SFOOR):** A program that offers loans from the City of El Paso to help with basic home repairs. This loan program can offer up to \$65,000 and can be repaid and/or deferred for a maximum of 30 years. The program is primarily monitored through 1) loan, deferment, or both, 2) confirmation of individuals residing at residence assisted, and 3) home insurance requirements.
- 39. Tiering:** The means of making the environmental review process more efficient by allowing parties to “eliminate repetitive discussions of the same issues and to focus on the actual issues ripe for decision at each level of environmental review.” A tiered review consists of two stages: a broad-level review and subsequent site-specific review. A tiered review must open with a complete and clear project description that defines that maximum anticipated scope of the project as specifically as possible.
- 40. Uniform Property Condition Standards (UPCS):** A set of standards used by inspectors working for HUD and the Real Estate Assessment Center (REAC) to assess the physical condition of public housing units and housing units which are insured by/assisted under various HUD programs. These standards organizes properties for evaluation based on five inspectable areas: 1) site, 2) building exterior, 3) building systems, 4) common areas, and 5) unit.

# APPENDIX: Housing

## II.1: Affirmative Marketing and Available Vacancies Report

COMMUNITY DEVELOPMENT

AFFIRMATIVE MARKETING

### AVAILABLE VACANCIES REPORT

Reporting Year: January 01 through December 31, 2018

Due: January 15, 2019

PROJECT ADDRESS: \_\_\_\_\_

DATE: \_\_\_\_\_

OWNER: \_\_\_\_\_

PHONE: \_\_\_\_\_

	EFFICIENCY	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM	ACCESSIBLE UNIT/____ Bedroom size
(1) NO. OF UNITS AVAILABLE						
(2) RENT PER UNIT	\$	\$	\$	\$	\$	\$

**Instructions:** (1) Indicate the number of vacancies, during the reporting year, for each type of unit in your complex monitored by the City, Community and Human Development Department, Housing Programs Division. If you have a type of unit(s) not monitored for HOME/CDBG funding, indicate N/A. For first year projects, this report would indicate units not rented and any vacancy *after the initial renter*.

(2) Indicate the amount of rent for the unit(s) vacant during the reporting year. If different rent(s) were charged during the year, due to a rent increase or decrease, then indicate \$old rent/\$new rent. Include rent even if there were no vacancies.

**COMMUNITY DEVELOPMENT  
AFFIRMATIVE MARKETING ANNUAL RENTAL REPORT**

Please complete both forms at the end of the 2018 year and submit by **January 15, 2019**

PROJECT ADDRESS: \_\_\_\_\_  
REPORTING YEAR: **January 01 - December 31, 2018**

OWNER/MANAGER: \_\_\_\_\_  
DATE SUBMITTED: \_\_\_\_\_

APART- MENT NUMBER	DATE APARTMENT BECAME VACANT	NAMES OF AGENCIES THAT WERE NOTIFIED OF VACANCY (Project Bravo, Volar, etc.)	WHERE DID YOU ADVERTISE YOUR APARTMENT(S)? PLEASE LIST (Newspaper, posters, newsletters, internet, signs, agencies, etc.)	DATE YOUR APARTMENT(S) RENTED	HOW DID YOUR NEW TENANT(S) HEAR ABOUT THE VACANT UNIT(S)?	HEAD OF HOUSEHOLD * RACE/ ETHNICITY	HEAD OF HOUSEHOLD GENDER

\*RACE: White / Black / American Indian/ Asian/ Native Hawaiian/ Other (specify)  
ETHNICITY: Hispanic or Latino / Not Hispanic or Latino/ Other (specify)

If submitting by mail, please send your forms to:  
City of El Paso

ATTN: Sandra Pellegrini, CDBG Contracts Administrator  
Community & Human Development  
801 Texas Avenue, City 3, 3<sup>rd</sup> Floor  
El Paso, TX 79901

## II.2: Home Project Compliance Responsibilities

### Responsibilities for HOME Project Compliance

HOME Requirements	Project Compliance Responsibilities	Owner/Manager Responsibilities
<b>Affordability Period</b>	<ul style="list-style-type: none"> <li>Determine the length of the affordability period.</li> <li>Inform owners of the length of the affordability period.</li> </ul>	<ul style="list-style-type: none"> <li>Contact the PJ to find out the affordability period that applies to its rental property, if not known.</li> </ul>
<b>Deed Restrictions</b>	<ul style="list-style-type: none"> <li>Execute and record a copy of the deed restriction or covenant and provide a copy to the owner.</li> </ul>	<ul style="list-style-type: none"> <li>Contact the PJ for a copy of the deed restriction or covenant, if needed.</li> </ul>
<b>Written Agreements</b>	<ul style="list-style-type: none"> <li>Include all required HOME provisions in the written agreement.</li> <li>Provide owners with a copy of the written agreement.</li> </ul>	<ul style="list-style-type: none"> <li>Understand the terms of the agreement with the PJ.</li> <li>Contact the PJ to obtain a copy of the written agreement, for clarification of terms, if needed.</li> </ul>
<b>HOME-Assisted Rental Units</b>	<ul style="list-style-type: none"> <li>Determine the total number of HOME-assisted units, by bedroom size, in a property.</li> <li>Inform owners about the total number of HOME-assisted units and identify which units are HOME-assisted.</li> </ul>	<ul style="list-style-type: none"> <li>Contact the PJ for guidance to find out which units are HOME-assisted, if not known.</li> <li>Manage property in compliance with the HOME rules.</li> </ul>
<b>High HOME Rent Units and Low HOME Rent Units</b>	<ul style="list-style-type: none"> <li>Identify the total number and type of High and Low HOME Rent units before property lease-up.</li> <li>Explain to the owner how to use the HOME income limits and the HOME rent limits.</li> <li>Provide to the owner the HOME income limits and rent limits before property lease-up, and annually during the affordability period.</li> </ul>	<ul style="list-style-type: none"> <li>Understand how to apply the HOME income and rent limits.</li> <li>Contact the PJ to find out which units are High HOME Rent units and which units are Low HOME Rent units, if not known.</li> <li>Contact the PJ for updated HOME rent limits, if needed.</li> </ul>
<b>HOME Unit Mix</b>	<ul style="list-style-type: none"> <li>Explain to the owner how to maintain the required unit mix of High HOME Rent units and Low HOME Rent units by bedroom size.</li> <li>Monitor the property to ensure that the required unit mix is maintained during the affordability period.</li> </ul>	<ul style="list-style-type: none"> <li>Manage the property so that it maintains the appropriate HOME unit mix.</li> <li>Contact the PJ for information on what the unit mix is for the property, or for more information about how to manage the unit mix, if needed.</li> </ul>
<b>Fixed and Floating HOME Units</b>	<ul style="list-style-type: none"> <li>Inform owner about whether the property has fixed or floating HOME-assisted units.</li> </ul>	<ul style="list-style-type: none"> <li>Contact the PJ to find out if the property has fixed or floating HOME units, if not known.</li> <li>Manage the property for its unit type (fixed or floating units).</li> </ul>
<b>HOME Income Limits</b>	<ul style="list-style-type: none"> <li>Provide owner with:               <ol style="list-style-type: none"> <li>The HOME income limits that apply, before lease-up.</li> <li>Updated HOME income limits on an annual basis until the end of the property's affordability period.</li> <li>Definition of income that can be used for determining tenant income-eligibility.</li> <li>Guidance on how to determine income-eligibility.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Know what the correct annual published income limits are and how to apply them.</li> <li>Collect and verify income information provided by applicants upon initial occupancy to determine income-eligibility.</li> <li>Recertify income-eligibility for existing tenants on an annual basis.</li> <li>Contact the PJ for initial and updated income limits, a definition of income, and/or guidance on how to determine income-eligibility, if needed.</li> </ul>

Responsibilities for HOME Project Compliance *(continued)*

HOME Requirements	Project Compliance Responsibilities	Owner/Manager Responsibilities
<b>HOME Rent Limits</b>	<ul style="list-style-type: none"> <li>• Provide owners with the HOME rent limits that apply before lease-up.</li> <li>• Determine which Low HOME Rent limits apply to the property.</li> <li>• Provide owners with the updated HOME rent limits on an annual basis until the end of the property's affordability period.</li> <li>• Approve the property's rent schedule and subsequent rent increases.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine the rents that can be charged for HOME-assisted units, and ensure that rents do not exceed the Low HOME rent limit for units that are designated to be occupied by very low-income tenants, and the High HOME rent limit for the remaining units.</li> <li>• Submit rents and rent increases to the PJ for approval prior to charging tenants.</li> <li>• Contact the PJ for the updated HOME rent limits, if not provided.</li> <li>• Contact the PJ for guidance if the latest PJ rent limits exceed the most recent HUD-published HOME rent limits.</li> </ul>
<b>Property Standards</b>	<ul style="list-style-type: none"> <li>• Tell the owners which property standards apply, including lead-based paint hazard elimination requirements.</li> <li>• Provide owners copies of all applicable codes and standards.</li> <li>• Notify owners of any changes to the codes and standards during the affordability period.</li> <li>• Conduct periodic on-site inspections to ensure that properties continue to meet applicable standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain properties in accordance with all applicable codes and standards.</li> <li>• For pre-1978 buildings, provide required tenant/applicant disclosures, and monitor to ensure that regular maintenance and evaluation of lead-based paint hazards are undertaken.</li> <li>• Contact the PJ to find out which property standards and lead-based paint hazard elimination requirements apply, if not known.</li> </ul>
<b>Accessible Units</b>	<ul style="list-style-type: none"> <li>• Provide a copy of the UFAS standard to the owner and inform owner about the applicable accessibility standards.</li> <li>• Inform the owner about the requirements related to marketing accessible units to persons with disabilities first.</li> </ul>	<ul style="list-style-type: none"> <li>• Understand the accessibility standards and requirements.</li> <li>• Contact the PJ for information on the applicable accessibility requirements, if needed.</li> </ul>
<b>Affirmative Marketing and Tenant Selection</b>	<ul style="list-style-type: none"> <li>• Inform owner about the affirmative marketing requirements that apply.</li> <li>• Evaluate the success of the affirmative marketing procedures.</li> <li>• Provide guidance to owners about how to develop tenant selection procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop tenant selection policies and criteria that are fair and objective.</li> <li>• Carry out affirmative marketing in accordance with the PJ's procedures.</li> <li>• Report to the PJ on affirmative marketing, as required by the PJ.</li> <li>• Contact the PJ for information on the affirmative marketing requirements, or for guidance about the required tenant selection procedures.</li> </ul>

## II.3: Uniform Physical Condition Standards Checklist

### Uniform Physical Condition Standards - Comprehensive Listing

Page: \_\_\_\_\_ of \_\_\_\_\_

Inspectable Area: Site

Property ID / Name: \_\_\_\_\_

Inspection Date: \_\_\_\_\_

Level	Inspectable Item	Code	Observable Deficiency	NO	1	2	3	NA	H&S
	Fencing and Gates	00001	Damaged/Falling/Leaning						NLT
		00002	Holes						NLT
		00003	Missing Sections						NLT
	Grounds	00004	Erosion/Rutting Areas						NLT
		00005	Overgrown/Penetrating Vegetation						
		00006	Ponding/Site Drainage						
	Health & Safety	00007	Air Quality - Sewer Odor Detected						NLT
		00008	Air Quality - Propane/Natural Gas/Methane Gas Detected						LT
		00009	Electrical Hazards - Exposed Wires/Open Panels						LT
		00010	Electrical Hazards - Water Leaks on/near Electrical Equipment						LT
		00011	Flammable Materials - Improperly Stored						NLT
		00012	Garbage and Debris - Outdoors						NLT
		00013	Hazards - Other						NLT
		00014	Hazards - Sharp Edges						NLT
		00015	Hazards - Tripping						NLT
		00016	Infestation - Insects						NLT
		00017	Infestation - Rats/Mice/Vermin						NLT
	Mailboxes/Project Signs	00018	Mailbox Missing/Damaged						
		00019	Signs Damaged						
	Market Appeal	00020	Graffiti						
		00021	Litter						
	Parking Lots/Driveways/Roads	00022	Cracks						
		00023	Ponding						
		00024	Potholes/Loose Material						
		00025	Settlement/Heaving						
	Play Areas and Equipment	00026	Damaged/Broken Equipment						NLT
		00027	Deteriorated Play Area Surface						
	Refuse Disposal	00028	Broken/Damaged Enclosure/Inadequate Outside Storage Space						
	Retaining Walls	00029	Damaged/Falling/Leaning						NLT
	Storm Drainage	00030	Damaged/Obstructed						
	Walkways/Steps	00031	Broken/Missing Hand Railing						NLT
		00032	Cracks/Settlement/Heaving						
		00033	Spalling						

- In order to accurately categorize a deficiency as a "Level 1", "Level 2" or "Level 3" (including independent Health & Safety items), you must refer to the Final Dictionary of Deficiency Definitions (PASS) Version 2.3, dated 03/08/2000. This document can be found at [http://www.hud.gov/offices/reac/pdf/pass\\_dict2.3.pdf](http://www.hud.gov/offices/reac/pdf/pass_dict2.3.pdf) (325 Pages, 343 KB)

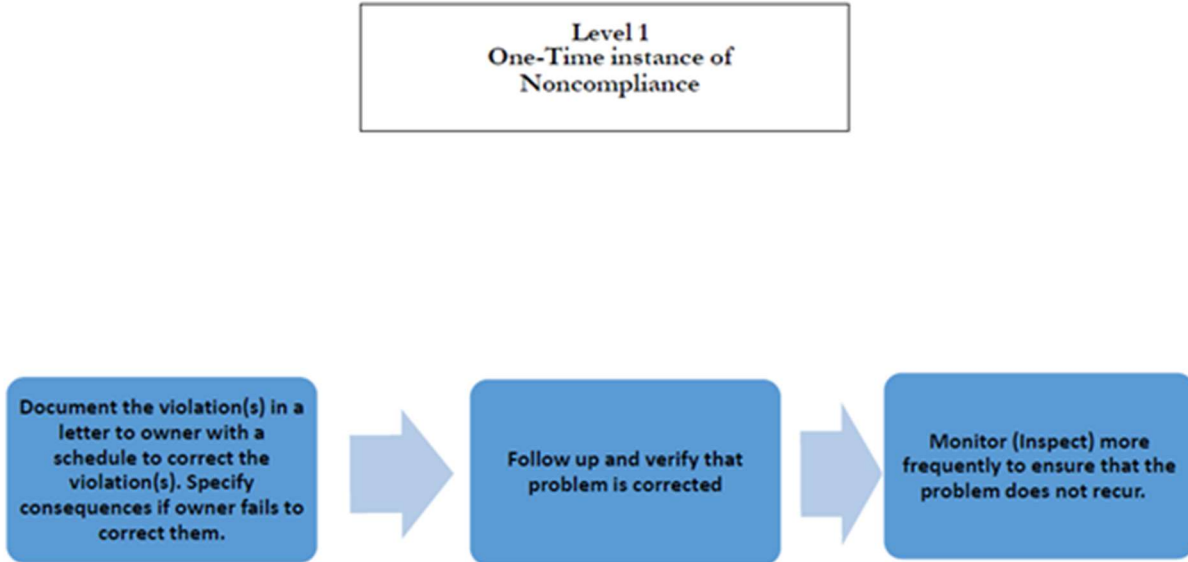
- Additional clarification to these definitions is contained in the REAC PASS Compilation Bulletin which can be found at [http://www.hud.gov/offices/reac/pdf/pass\\_bulletin.pdf](http://www.hud.gov/offices/reac/pdf/pass_bulletin.pdf) (24 Pages, 275 KB)

- Only level 3 is applied to independent Health & Safety deficiencies.

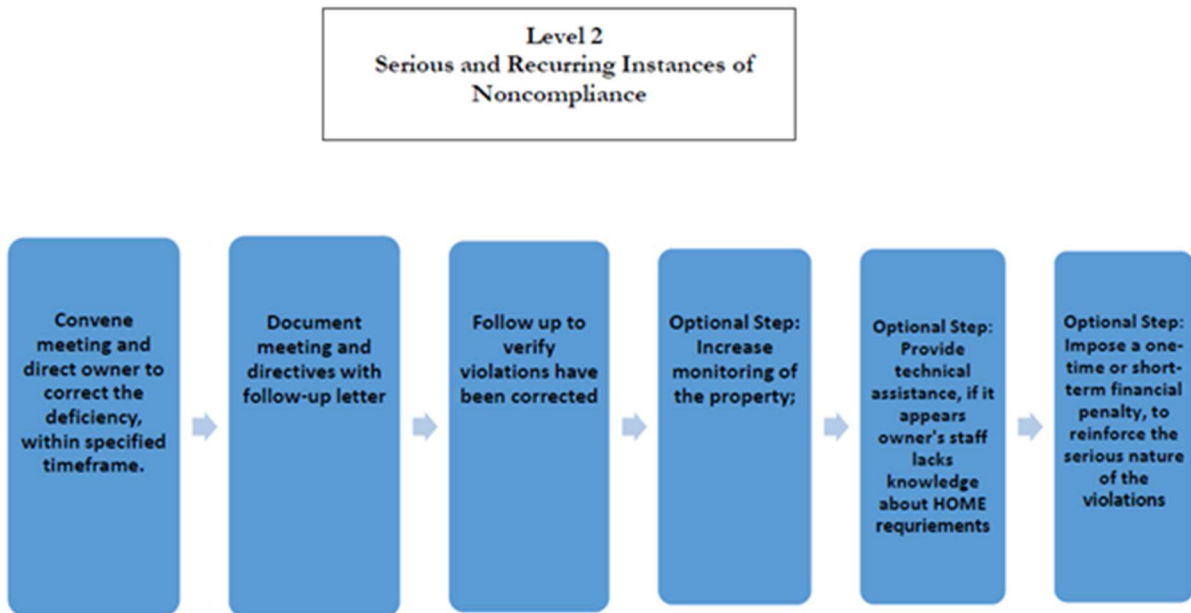
- In the H&S column, NLT is a "Non-Life Threatening" Health & Safety concern whereas LT is a "Life Threatening" concern which calls for immediate attention or remedy and will show up on the Exigent Health and Safety Report at the end of an inspection.

## II.4: Levels of Non-Compliance from HOME

### Level One



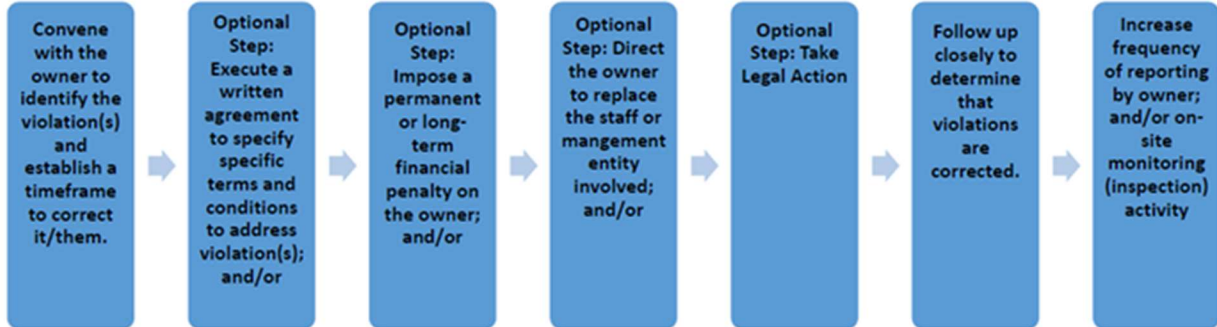
### Level Two





## Level Three

Level 3  
Instances of Gross negligence,  
Fraud, Discrimination, or Conditions  
That Impose Imminent Threat to  
Tenants' Health or Safety



## II.5: HUD Corrective Actions

### HUD Appropriate corrective actions include:

- Require the owner to make property improvements and pay for re-inspection of units;
- Require the owner to reimburse overpaid rent to tenants;
- Rent assignments in accordance to HOME Agreement;
- Accelerate the repayment of some portion of the HOME loan;
- Accelerate full payment of the balance of the loan (i.e., calling the loan);
- Amend the terms of the HOME loan (e.g., increasing the interest rate);
- Require the owner to submit additional reports or to submit reports on a more frequent basis;
- Increase monitoring visits;
- Restrict the owner's decision-making powers;
- Restart or extend the affordability period;
- Require the owner to secure a new management agent;
- Require a change in property ownership;
- Foreclose the property;
- Restrict the owner from participating in future HOME-funded programs; and/or
- Work to add the owner/manager to HUD's debarred list.

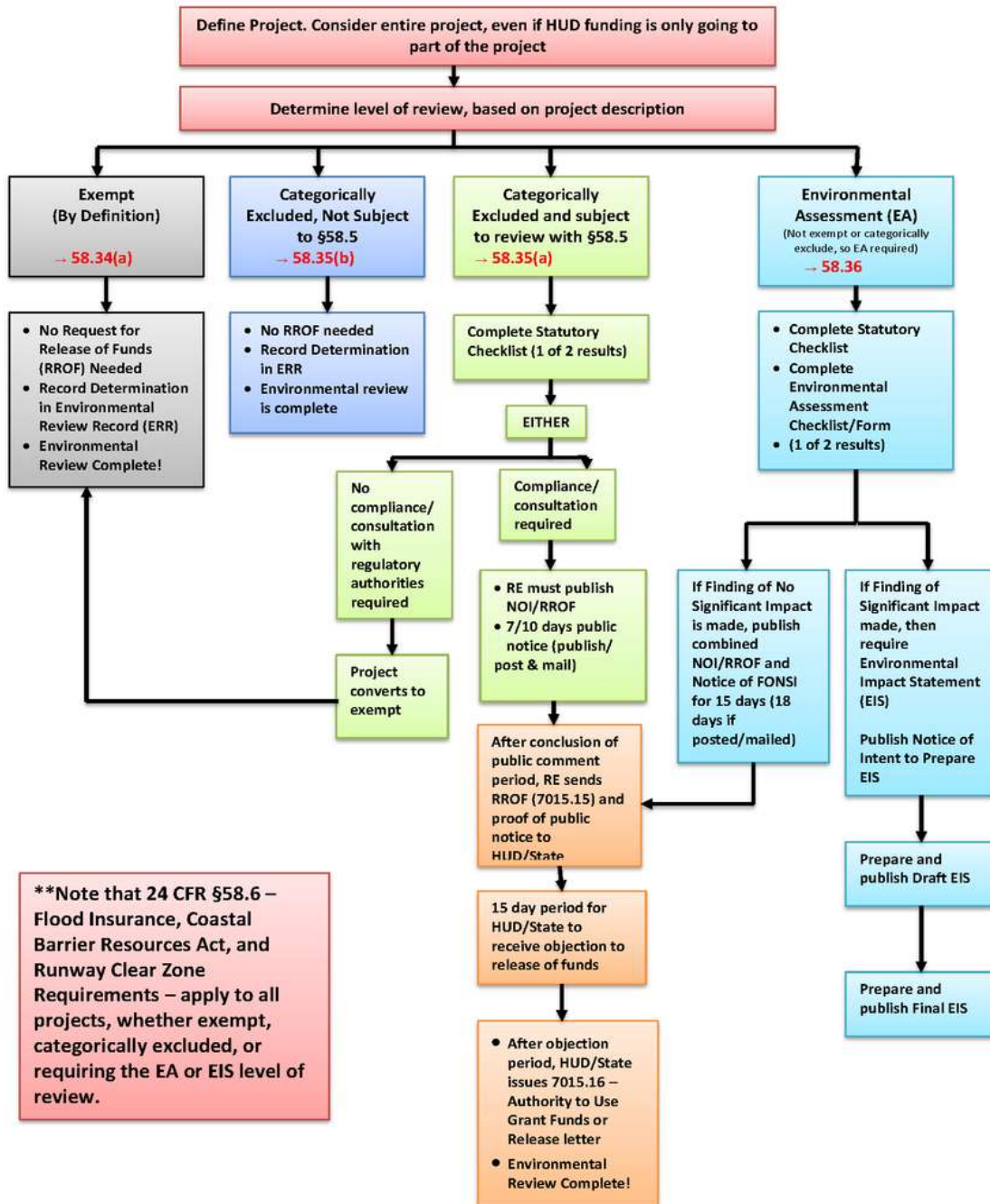
### Importance of the Written Agreement to Enforcing Compliance

The PJ's ability to respond to problems that it identifies is enhanced or limited by the written agreement it executes with the project owner. The written agreement is the legal tool that holds owners accountable to meet HOME and the PJ's requirements. If the written agreement clearly specifies the PJ's rights to enforce its terms and intervene when necessary, the PJ will be well-positioned to respond to issues that arise to keep its properties in compliance and out of financial trouble.

# APPENDIX: Environmental

## III-1: Environmental Review Process

### Environmental Review Process (To Be Conducted by Responsible Entity)



# III-2: Environmental Review Request Form

Requested by: \_\_\_\_\_  
House: \_\_\_\_\_

*\*Required fields are marked with an asterisk.*

## Environmental Review Request Part 58 reviews

**\*Project Information** (Specify type of project in detail i.e. New Construction, Rehab, Public Services, Street Improvements, etc.):

---

---

---

**\*Project Name:**

---

**\*Applicant/Grant Sub-Recipient:**

---

**\*Point of Contact: Include name, email and phone number**

---

---

**\*HUD Program Funding Information:**

*Add as many rows as necessary to include all sources of HUD assistance.*

Grant or Project Number	HUD Program (e.g. CDBG, HOME)

**\*Estimated Total HUD Funded, Assisted, or Insured Amount:** \_\_\_\_\_

**\*Estimated Total Project Cost (HUD and non-HUD funds):** \_\_\_\_\_

**\*Project Category - Housing Authority Projects Only:**

- 1. Projects using Federal Housing Administration (FHA) insurance – Part 50 (HUD performs the Environmental Review)
- 2. Non-FHA transactions converting to Project Based Rental Assistance (PBRA) – Part 50 (HUD performs the environmental review)
- 3. Non-FHA transactions converting to Project Based Vouchers (PBV) – Part 58 (the responsible entity performs the environmental review)
- 4. Any combination of 1 and/or 2 with 3 – Part 50 (HUD performs the environmental review for both provided there is not an issue with timing)

*Project Location: Provide a street address or intersection for your project. Provide additional information on the project located beyond the address as necessary for the scope of the project in a narrative in the provided textbox. For example, any new construction and projects affecting a larger area may require more context than simply a street address. If the project affects a large area, such as an infrastructure or community services project, select a representative address and describe the project location.*

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**\* Description of the Proposed Project [24 CFR 50.12 & 58.32; 40 CFR 1508.25]:** *Provide a project description that captures the maximum anticipated scope of the proposal. It should include all contemplated actions which logically are, either geographically or functionally, a composite part of the project, regardless of the source of funding. Describe all physical aspects of the project, such as plans for multiple phases of development, size and number of buildings, and activities to be undertaken. Include details of the physical impacts of the project, including whether there will be ground disturbance. If applicable, indicate whether the project site will require acquisition or if the sponsor already has ownership.*

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**\* Attach Additional Information (Scope of Work, Maps, EPCAD, other)**

**PLEASE BE AWARE!**

**No binding commitments to expend funds for project activities may be made prior to the completion of the environmental clearance process. This applies whether those funds are HUD dollars or otherwise.**

- **Must NOT commit funds, HUD dollars or otherwise, to choice-limiting actions prior to the environmental clearance**
- **Must refrain from acquiring, leasing, repairing, rehabilitating, converting, or demolishing properties, or undertaking any construction activities prior to environmental clearance.**

### III-3: HUD-7015.16 Form

#### Authority to Use Grant Funds

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development

<b>To:</b> (name & address of Grant Recipient & name & title of Chief Executive Officer)	<b>Copy To:</b> (name & address of SubRecipient)

We received your Request for Release of Funds and Certification, form HUD-7015.15 on	
Your Request was for HUD/State Identification Number	

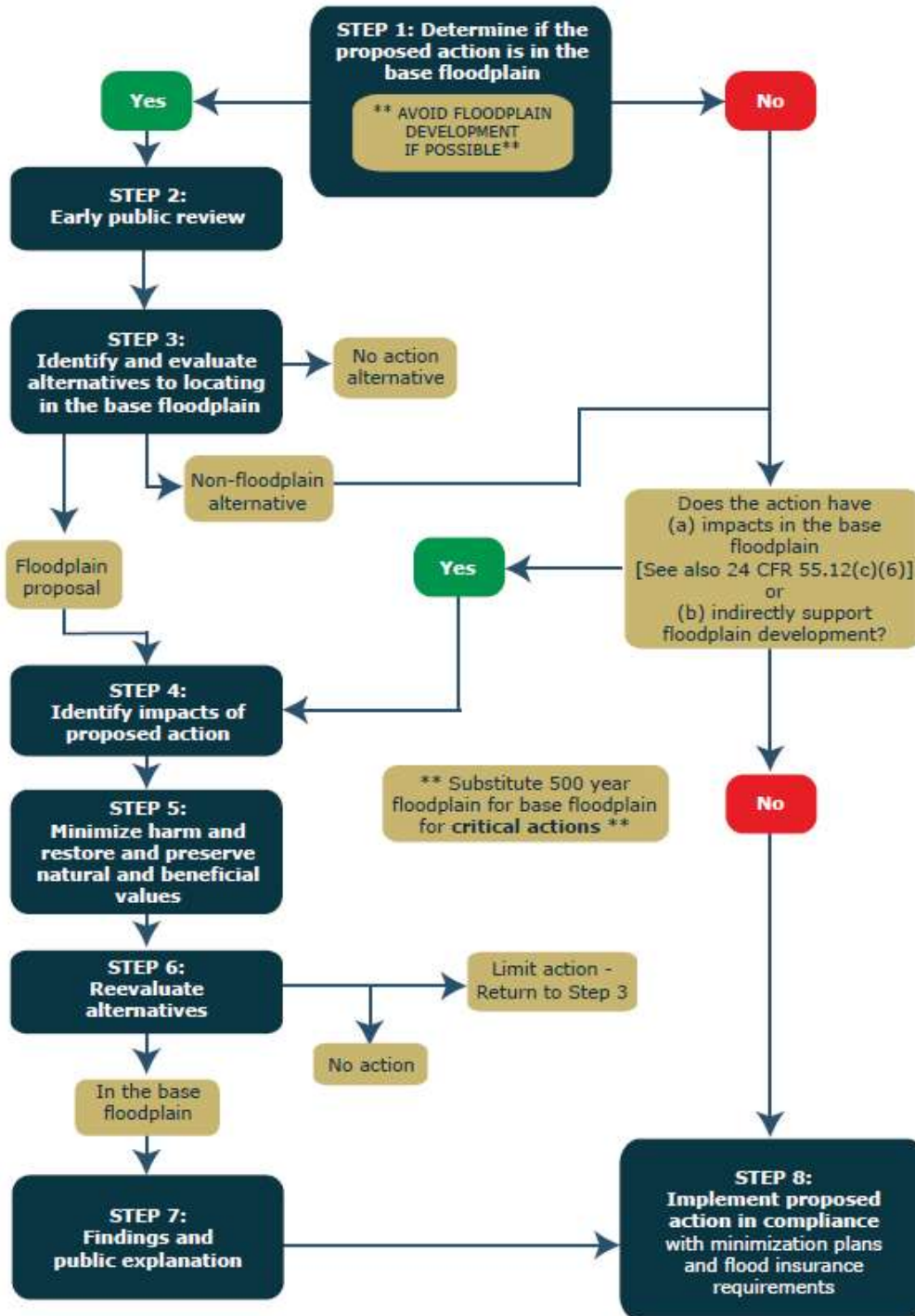
All objections, if received, have been considered. And the minimum waiting period has transpired.  
You are hereby authorized to use funds provided to you under the above HUD/State Identification Number.  
File this form for proper record keeping, audit, and inspection purposes.

Typed Name of Authorizing Officer	Signature of Authorizing Officer	Date (mm/dd/yyyy)
	X	
Title of Authorizing Officer		

Previous editions are obsolete. form HUD-7015.16 (2/94)  
ref. Handbook 6513.01

### III.4: 8 Step Decision-Making Process for Executive Order 11988

#### 8- Step Decision-Making Process for Executive Order 11988



### III.5: Site-Specific Field Contamination Checklist

SITE-SPECIFIC FIELD CONTAMINATION CHECKLIST			
Completing the form requires a site visit by the preparer. The preparer should be sure to observe the property by walking through the property and the building(s) and other structures on the property to the extent possible and observing all adjoining* properties.			
<b>PREPARER MUST COMPLETE CHECKLIST IN ITS ENTIRETY</b>			
Date of Visit:	Time:	Weather Conditions:	
Program Name:			
Project Location/Address:			
Property Owner:			
Attach the following, as appropriate:			
<input type="checkbox"/> Photographs of site and surrounding areas <input type="checkbox"/> Maps (street, topographic, aerial, site map, etc.)			
QUESTION  Is there evidence of any of the following?	OBSERVATION		
	SUBJECT PROPERTY	ADJOINING PROPERTIES	
Is the property or any adjoining property currently used, or has evidence of prior use, as a <i>gasoline station, motor vehicle repair facility, printing facility, dry cleaners, photo developing laboratory, junkyard, or as a waste treatment, storage, disposal, processing or recycling facility?</i>	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Are there any damaged or discarded <i>automobile(s), automotive or industrial batteries, pesticides, paints, or other chemicals</i> in individual containers greater than 5 gal in volume or 50 gal in the aggregate, stored on or used at the property or adjoining properties?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Are there any industrial <i>drums</i> (typically 55 gal) or sacks of <i>chemicals, herbicides or pesticides</i> located on the property or adjoining properties?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Has <i>fill dirt</i> been brought onto the property or adjoining properties that originated from a suspicious site or that is of an unknown origin?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Are there any <i>pits, ponds, or lagoons</i> located on the property or adjoining properties in connection with waste treatment or waste disposal?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Is there any <i>stained soil, distressed vegetation</i> and/or <i>discolored water</i> on the property or adjoining properties?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>
Are there any <i>storage tanks</i> , aboveground or underground (other than residential), located on the property or adjoining properties?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	UNKNOWN <input type="checkbox"/>

\*Adjoining properties: Any real property or properties the border of which is contiguous or partially contiguous with that of the property, or that would be contiguous or partially contiguous with that of the property but for a street, road, or other public thoroughfare separating them.

DRAFT HUD-R7-5-4-12





QUESTION	SUBJECT PROPERTY	ADJOINING PROPERTIES
<b>Is there evidence of any of the following?</b> Are there any <i>vent pipes, fill pipes, or underground tank access ways</i> visible on the property or adjoining properties?	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>
Are any flooring, drains, walls, ceilings, or grounds on the property or adjoining properties <i>stained by substances</i> (other than water) or emitting <i>noxious or foul odors or odors of a chemical nature</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>
Is the property served by a <i>private well or non-public water system</i> ? (If yes, a follow-up investigation is required to determine if contaminants have been identified in the well or system that exceed guidelines applicable to the water system, or if the well has been designated contaminated by any government environmental/health agency.)	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	
Has the owner or occupant of the property been informed of the existence of past or current <i>hazardous substances or petroleum products or environmental violations</i> with respect to the property or adjoining properties?	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>
Do the property or adjoining properties <i>discharge wastewater</i> (not including sanitary waste or storm water) onto the property or adjoining properties and/or into a storm water system?	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>
Is there a <i>transformer, capacitor, or any hydraulic equipment</i> on the property or adjoining properties that are not marked as "non-PCB"?	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/> UNKNOWN <input type="checkbox"/>
If answering "YES" or UNKNOWN" to any above items, describe the conditions:		
Use photographs and maps to mark and identify conditions. Attach more information as needed.		
Is further evaluation warranted? YES <input type="checkbox"/> NO <input type="checkbox"/> UNCERTAIN <input type="checkbox"/>		
<b>Preparer of this form must complete the following required information.</b>		
This inspection was completed by: Name:  Title:	Phone Number:	
	Email:	
	Agency:	
Address:		
Preparer represents that to the best of his/her knowledge the above statements and facts are true and correct and to the best of his/her actual knowledge no material facts have been suppressed, omitted or misstated.		
Signature:	Date:	

## III.6: 8 Step Process Case Study Sample

### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

#### 8-STEP PROCESS EXAMPLE

##### Case Study Example - Anytown, USA

--Paul Peavler-Jensen Homes (Project No. WA90-T00-1287)

--Decision Process for E.O. 11988 as Provided by 24 CFR §55.20

**Step 1:** *Determine whether the action is located in a 100-year floodplain (or a 500-year floodplain for critical actions) or wetland.*

This action is located in a 100-year floodplain and a wetland. One building on the proposed project site is located within AE Zone (area of special flood hazard with water surface elevations determined) and the other two buildings are partially located in an A Zone (area of special flood hazard without water surface elevations determined), as indicated on Flood Insurance Rate Map (FIRM) Panel 16 of 70 no. 5301260026R, revised September 27, 2008. The FIRM is attached to this document. The wetland was not originally mapped on the Fish and Wildlife Service- National Wetlands Inventory (NWI) but was observed during a site inspection. NWI staff delineated the wetland and found there to be an acre of wetlands that are not subject to Section 404 of the Clean Water but are wetlands for E.O. 11990 purposes. A site plan with the delineation of the wetlands and the NWI map are attached.

This project is (a) acquisition of property, (b) demolition, and (c) new construction of affordable multifamily housing of greater than four units and, for these reasons, E.O. 11988- Floodplain Management and E.O. 11990- Wetlands Protection apply. This project does not meet any of the exceptions at 24 CFR 55.12 and therefore requires an 8-step analysis of the direct and indirect impacts associated with the construction, occupancy, and modification of the floodplain and wetland.

The proposed project, Paul Peavler-Jensen Homes, includes acquisition of two parcels and construction of three buildings. Each building would consist of five units located between 3201 and 3401 Pipkin Street. The project will provide vital shelter for area homeless families. There has been an increase in homeless families in Anytown of 35% in the last three years. The Upper American River system has been a natural floodplain for many years. Therefore, this analysis will consider impacts to the floodway along with concerns for loss of life and property.

**Step 2:** *Notify the public for early review of the proposal and involve the affected and interested public in the decision making process.*

A public notice describing the project was published in the Anytown Tribune, the local and regional paper, on September 22, 2013. The ad targeted local residents, including those in the floodplain. The notice was also sent to interested Federal, State, local agencies, and non-profit groups such as the state floodplain manager, environmental protection groups, neighbors, and a group of individuals known by Anytown to be interested in such notices. A list of specific agencies and individuals and a copy of the published notification is kept in the project's environmental review record and attached to this document. A copy was also posted on the Anytown website and at the local libraries. The required 15

calendar days were allowed for public comment. As required by regulation, the notice also included the name, proposed location and description of the activity, total number of floodplain and wetland acres involved, and the responsible entity contact for information (insert HUD official under Part 50) as well as a website and the location and hours of the office at which a full description of the proposed action can be viewed.

Comments from the public stated both support and opposition to the project. Supporters said the housing was necessary while opponents were concerned with property values and public services. Anytown agrees that additional affordable housing is necessary.

In regards to the comments of opponents, a preliminary analysis of services indicated that public services, such as police, fire protection, sanitation, and water, are adequate to handle 15 units of housing. Property values were considered in Step 3 during the consideration of economic factors, but were not significantly different nor impacted in a meaningful way among the various sites. One commenter also worried about debris coming from the buildings in the event of a flood. This concern will be addressed through engineering and site planning to minimize any such risk.

FEMA and city engineers were contacted concerning mitigation requirements of the National Flood Insurance Program (NFIP) as well as local ordinances that must be implemented as part of NFIP.

### **Step 3: Identify and evaluate practicable alternatives.**

The Anytown Housing and Redevelopment Agency (AHRA) project site selection criteria are:

- (a) The project can not cause current residents to become displaced;
- (b) The project must be within city limits in order for bond proceeds to be used by the AHRA;
- (c) The project must contain at least twelve units in order to meet community needs;
- (d) The project must be within ½ mile of public transportation; and
- (e) Land costs less than \$500,000

Anytown considered several alternative sites and actions believed to satisfy these requirements:

#### **A. Locate the Project Within the Floodplain and/or Wetland**

##### **1. Locate the project between 3201 and 3401 Pipkin Street**

The project site has three abandoned homes that are considered blighted properties. This site meets the requirements of the city's bond and does not displace residents. The project also meets the community's needs of 12 units. However, the project as originally proposed would cause damage to the floodplain and its natural functions by paving areas and obstructing flood zones. Additionally, constructing in an AE Zone would present challenges in building at a foot above the base flood elevation (BFE) and would endanger human life as well as local and federal investment. The cost of elevation and maintaining flood insurance for the building in AE Zone are impracticable. This plan fills .75 acres of wetland.

This site is convenient for metro bus and light rail service (less than ¼ mile), which is seen as an extremely attractive asset for the potential occupants. There are also elementary and high schools within walking distance.

2. Modify the project between 3201 and 3401 Pipkin Street and Alternative Method Avoiding New Construction in Wetlands

The proposal above can be modified to include two, seven-unit buildings with one building moved completely out of special flood hazard areas and a second building partially in the A Zone but elevated in order to minimize adverse impacts to the floodplain, public safety, and public investment. This site redesign serves the same purposes without expanding the development outside of the development footprint of the three houses that are to be demolished. Additionally, this alternative serves the same objective as the original proposal. Any development in the unmarked A Zone requires that an expert, using FEMA approved standards, makes a determination and acquires an elevation certificate which states the necessary base flood elevation. This site modification also avoids development in a wetland and preserves natural and beneficial functions while preserving habitat.

3. Obtain a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)

The city also considered applying for a LOMA but the elevation information certified by a Licensed Land Surveyor/Registered Professional Engineer indicated that the lowest adjacent grade (the lowest ground touching the structure) was not at or above the BFE, so the site was not eligible.

A LOMR-F request was also considered but rejected due to a local policy forbidding fill in the floodplain due to the impact it may have on other property owners.

B. Locate the Project Outside of the Floodplain and Wetland

1. Locate the project at the North Poythress Avenue site

The city had considered an alternative site at 1500 North Poythress Avenue. An engineering report concluded that the site had unstable soils and slopes as well as a significant amount of wetlands. The cost of the mitigating measures for these environmental impacts, as well as endangered species habitat, made the site prohibitively expensive to develop. The amount of fill and soil stabilization required would nearly double development cost to \$XXXXXXXXXX.

2. Locate the project at 3405 Berman Road

The city proposed developing this site six years ago but met stiff resistance from the community because of the site's use as a park and greenspace. Another site was then chosen for development. Last year the site was again reviewed. Stiff opposition

again resurfaced. These factors made the site more expensive to develop. These costs combined with the social cost in the form of aesthetics and community recreational use eliminated this option.

3. Other sites considered not meeting the initial site selection conditions

Other sites were also considered within the city limits. The sites are located at 456 Bien Street, 1249 Prybyla Lane, 4257 and 4261 Bennett Street, and 878 Groberg Road. All of the sites would have either displaced residents who were unwilling to sell within the acquisition budget or would have placed the project on sites encumbered by wetlands, steep slopes, soil contamination, or other more significant development costs. A market analysis was performed and concluded no other sites were feasible for development. The market analysis is attached to this document consistent with 24 CFR 55.27(a)(1).

C. No Action or Alternative Actions that Serve the Same Purpose

A no action alternative was considered and rejected because of a recent city study that found the area in dire need of affordable housing. It showed an increase in homeless families of 35% over the past three years with a concurrent increase in the number of families using homeless shelters more than once a year. The current level of services and facilities in Anytown does not equip the city to help the homeless seeking assistance.

The emergency shelters currently housing families are for emergency use and not designed to meet the needs of homeless families with children. They are intended only for overnight use and do not provide the stability required for a family to function or the specialized services to help bring about independent family living.

The proposed project would provide the housing needed along with space for supportive services with the goal of enabling the families to become independent within a 24 month period.

**Step 4: *Identify Potential Direct and Indirect Impacts of Associated with Floodplain Development.***

Locating the project at Pipkin Street per the modified proposal will have minimum impacts to the floodplain because the structures will be elevated a minimum of three feet above the BFE and have a footprint designed to minimize these impacts. The design will also minimize potential damage to the property as a result of the flooding. The area has experienced some flooding in the past but never above the proposed elevation. No structures or improvements will be located in the floodway. The wetland impacts will also be avoided with this option.

The highest priority of this review is to prevent the loss of life. FEMA estimates that it would take a warning time of between five and seven hours to safely evacuate people from the area. The site will be elevated well above the BFE in order to protect life from potential flash floods. The additional elevation will also help to protect the financial investment.

The city of Anytown is a member of the National Flood Insurance Program and structures located in the flood zone must comply with the local flood ordinance. HUD requires projects located in the floodplain to maintain flood insurance for the life of the property. Even though only one of the buildings is required to have flood insurance, the city will maintain flood insurance for both buildings in order to mitigate any effects of flooding.

In addition to concerns for life and property, the city considered the natural and beneficial values of the floodplain. The natural resources of the floodplain include water, biological, and societal resources.

By elevating the buildings and disallowing impervious surfaces in and around the floodplain, the construction will have minimal effects on water resources. Hydrologists and engineers were consulted in order to design the building and the site plan in such a way that natural flood and erosion control, water quality, and groundwater recharge are preserved. In addition to the prohibition on impervious surfaces in and directly around the floodplain, the floodplain was preserved through elevation and positioning of the building.

The Fish and Wildlife Service has determined that the construction of the buildings will have no quantifiable impact on plant and animal life. Only native plants are to be used in the floodplain and on the site. By avoiding the wetland, there will be reduced cost because fill and compensatory mitigation are no longer required.

Societal resources were also considered during the design process. The designs are meant to complement the natural features of the area and to offer an aesthetically pleasing structure. The site will not have an effect on agricultural lands and efforts have been made to preserve existing trees on the site. The site will also maintain an open space for recreational opportunities. An easement will be made to the city to allow for construction of a bike path that will serve transportation purposes. The city will also allow the site to be accessible for archaeological, historic, environmental, biological, and other scientific studies should an individual or an organization express interest.

**Step 5:** *Where practicable, design or modify the proposed action to minimize the potential adverse impacts to lives, property, and natural values within the floodplain and to restore, and preserve the values of the floodplain.*

- (a) **Preserving Lives:** In order to preserve lives, local law enforcement and the emergency broadcast system will implement an early warning system should flooding conditions arise. In addition to the warning system, law enforcement has an emergency evacuation and relocation plan. The new structures will also be marked with identification marks of past and estimated flooding and the interior common areas will display an evacuation plan. All residents will also be briefed on the location of the flood hazard area and evacuation plans upon placement. The building will also be elevated to three feet above BFE to protect any flood survivors who may be stranded during a flood event.
- (b) **Preserving Property:** In order to preserve property, flood insurance will also be acquired and maintained in order to mitigate possible flood damage. The structures will be elevated at three feet above the BFE to save on flood insurance cost and to enhance the structures ability to withstand floods. All construction will be elevated consistent with FEMA's Lowest Floor

Guide (<http://www.fema.gov/pdf/nfip/manual200605/071fg.pdf>) and use flood resistant materials consistent with FEMA bulletins (see <https://www.fema.gov/media-library/assets/documents/2655?id=1580>).

- (c) Preserving Natural Values and Minimizing Impacts: The site design chosen as an alternative at Step 3 reduced floodplain impacts and prevented new construction from occurring in the floodplain. By elevating the buildings, constructing a green roof with provisions for draining and stormwater reuse, and using pervious surfaces throughout the site, the construction will have minimal effects on water resources. Impacts to the floodplain will also be limited due to construction occurring within the previously developed site. In addition to the prohibition on impervious surfaces in and directly around the floodplain, the floodplain was preserved through elevation and positioning of the building. Swales will be introduced using native vegetation to address drainage impacts and will be placed by biologists and hydrologists in consultation with the U.S. Fish and Wildlife Service (FWS). The FWS will also advise Anytown on preservation of flora (plants) and fauna (animals). Conservation easement agreements through the United States Department of Agriculture's Natural Resource Conservation Service will also be entered for nearby wetlands owned by the city. These actions will serve to both restore habitat off and on site while also preserving non-impacted areas to minimize effects. Additionally, the city has implemented a policy of "no net loss" for all wetlands impacts through a restoration and compensatory mitigation program. All appliances and fixtures will be EPA Energy Star and WaterSense certified.

#### Step 6: *Reevaluate the Alternatives.*

Although the Pipkin Street site is in a floodplain, the project has been adapted in order to minimize effects on floodplain values. Additionally, steps were taken in order to minimize risks to human life and property via evacuation plans, construction methods, flood insurance, etc. The estimated annual cost of flood insurance is \$XXXXXXX and the costs of elevating the structure is \$XXXXXX. The additional three feet of freeboard above the BFE will save \$XXXXX annually on flood insurance compared to building at the BFE. This means the additional elevation cost will pay for itself in 4 years due to decreased mandatory flood insurance premiums. The city will help the developer with costs, while the developer, due to a contractual obligation with the city, alone will bear the costs of maintaining the statutorily required flood insurance premiums for the life of the structure in accordance with the Flood Disaster Protection Act of 1973.

The rejected Pipkin Street plan would result in increased costs from wetlands fill and compensatory mitigation as well as increased flood insurance costs for additional buildings in the floodplain. The additional building would result in estimated flood insurance cost \$XXXXX annually and fill would cost \$XXXXXXX.

The Berman Road site is problematic due to storm-water runoff and social concerns. The storm-water runoff costs here are worse than those of Pipkin Street. Additionally, there is a complete lack of public support to make this a feasible site for the project. The estimated value of the area as an open space is estimated to exceed the cost of minimization for the modified Pipkin Street site. The value to the public of the site in its current form is estimated to be \$XXXXXX. When this value is added to the \$XXXXXX in development costs, the Berman Road site is not practicable.

The city had considered an alternative site at 1500 North Poythress Avenue. An engineering report concluded that the site had unstable soils and slopes as well as a significant amount of wetlands. The cost of the mitigating measures for these environmental impacts, as well as endangered species habitat, made the site prohibitively expensive to develop. The amount of fill and soil stabilization required would nearly double development cost to \$XXXXXXXXXX, which greatly exceeds the cost of the Pipkin site.

As documented in the market analysis, construction outside of the floodplain at the 456 Bien Street, 1249 Prybyla Lane, 4257 and 4261 Bennett Street, and 878 Groberg Road sites is not viable because the sites do not meet one or more of the selection criteria :

- (a) The project cannot cause current residents to become displaced;
- (b) The project must be within city limits in order for bond proceeds to be used by the AHRA;
- (c) The project must contain at least twelve units in order to meet community needs;
- (d) The project must be within ½ mile of public transportation; and
- (e) Land costs less than \$500,000.

Due to contamination, slope, wetland, financial costs, and other concerns, as well as the requirement that the project be constructed within city limits due to bond issues, the Pipkin Street site is the only location that satisfies these needs and concerns without displacing residents. The savings on elevation and flood insurance costs also do not offset the benefits of public transportation and school access when compared to the Pipkin Street sites modified plan to minimize impacts.

The no action alternative is also impracticable because it will not satisfy the need to provide assistance to local homeless families.

#### **Step 7: Determination of No Practicable Alternative**

It is the City of Anytown's determination that there is no practicable alternative for partially locating the project in the flood zone. This is due to: 1) the need to provide housing and services to homeless families; 2) the bond requirements to construct within city limits; 3) the desire to not displace residents; 4) the need to construct an economically feasible project; 5) the site's access to public transportation and schools; and 6) the ability to mitigate and minimize impacts on human health, public property, and floodplain values.

A final notice was published and posted consistent with the prior notice. The notice explains the reasons why the modified project must be located in the floodplain, offers a list of alternatives considered at Steps 3 and 6, and describes all mitigation measures at Step 5 taken to minimize adverse impacts and preserve natural and beneficial floodplain values. The notice is attached to this document. No concerns were expressed by the public concerning this notice.

#### **Step 8: Implement the Proposed Action**

The city will assure that this plan, as modified and described above, is executed and necessary language will be included in all agreements with participating parties. The city will also take an active



role in monitoring the construction process to ensure no unnecessary impacts occur nor unnecessary risks are taken. The flood insurance requirement for the life of the property will be monitored by Anytown by listing the agency as an interested party on the 2<sup>nd</sup> mortgagee/other box of the flood insurance application and by placing a covenant on the property that lasts for the useful life of the structure.

### III.7: HUD Form 7015.15 (updated September 2020)

## Request for Release of Funds and Certification

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development

OMB No. 2506-0087  
(exp. 08/31/2023)

This form is to be used by Responsible Entities and Recipients (as defined in 24 CFR 58.2) when requesting the release of funds, and requesting 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 general local government and States. Public reporting burden for this collection of information is estimated to average 38 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

#### Part 1. Program Description and Request for Release of Funds (to be completed by Responsible Entity)

1. Program Title(s)	2. HUD/State Identification Number	3. Recipient Identification Number (optional)
4. OMB Catalog Number(s)	5. Name and address of responsible entity	
6. For information about this request, contact (name & phone number)		
8. HUD or State Agency and office unit to receive request	7. Name and address of recipient (if different than responsible entity)	
<b>The recipient(s) of assistance under the program(s) listed above requests the release of funds and removal of environmental grant conditions governing the use of the assistance for the following</b>		
9. Program Activity(ies)/Project Name(s)	10. Location (Street address, city, county, State)	

11. Program Activity/Project Description

Previous editions are obsolete

form HUD-7015.15 (1/99)



**Part 2. Environmental Certification (to be completed by responsible entity)**

With reference to the above Program Activity(ies)/Project(s), I, the undersigned officer of the responsible entity, certify that:

1. The responsible entity has fully carried out its responsibilities for environmental review, decision-making and action pertaining to the project(s) named above.
2. The responsible entity has assumed responsibility for and complied with and will continue to comply with, the National Environmental Policy Act of 1969, as amended, and the environmental procedures, permit requirements and statutory obligations of the laws cited in 24 CFR 58.5; and also agrees to comply with the authorities in 24 CFR 58.6 and applicable State and local laws.
3. The responsible entity has assumed responsibility for and complied with and will continue to comply with Section 106 of the National Historic Preservation Act, and its implementing regulations 36 CFR 800, including consultation with the State Historic Preservation Officer, Indian tribes and Native Hawaiian organizations, and the public.
4. After considering the type and degree of environmental effects identified by the environmental review completed for the proposed project described in Part 1 of this request, I have found that the proposal did  did not  require the preparation and dissemination of an environmental impact statement.
5. The responsible entity has disseminated and/or published in the manner prescribed by 24 CFR 58.43 and 58.55 a notice to the public in accordance with 24 CFR 58.70 and as evidenced by the attached copy (copies) or evidence of posting and mailing procedure.
6. The dates for all statutory and regulatory time periods for review, comment or other action are in compliance with procedures and requirements of 24 CFR Part 58.
7. In accordance with 24 CFR 58.71(b), the responsible entity will advise the recipient (if different from the responsible entity) of any special environmental conditions that must be adhered to in carrying out the project.

As the duly designated certifying official of the responsible entity, I also certify that:

8. I am authorized to and do consent to assume the status of Federal official under the National Environmental Policy Act of 1969 and each provision of law designated in the 24 CFR 58.5 list of NEPA-related authorities insofar as the provisions of these laws apply to the HUD responsibilities for environmental review, decision-making and action that have been assumed by the responsible entity.
9. I am authorized to and do accept, on behalf of the recipient personally, the jurisdiction of the Federal courts for the enforcement of all these responsibilities, in my capacity as certifying officer of the responsible entity.

Signature of Certifying Officer of the Responsible Entity  <div style="border: 1px solid black; height: 40px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>	Title of Certifying Officer  <div style="border: 1px solid black; height: 20px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>
X <div style="border: 1px solid black; height: 40px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>	Date signed  <div style="border: 1px solid black; height: 20px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>
Address of Certifying Officer  <div style="border: 1px solid black; height: 40px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>	

**Part 3. To be completed when the Recipient is not the Responsible Entity**

The recipient requests the release of funds for the programs and activities identified in Part 1 and agrees to abide by the special conditions, procedures and requirements of the environmental review and to advise the responsible entity of any proposed change in the scope of the project or any change in environmental conditions in accordance with 24 CFR 58.71(b).

Signature of Authorized Officer of the Recipient  <div style="border: 1px solid black; height: 40px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>	Title of Authorized Officer  <div style="border: 1px solid black; height: 20px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>
X <div style="border: 1px solid black; height: 40px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>	Date signed  <div style="border: 1px solid black; height: 20px; width: 100%; background-color: #e0e0e0; margin-top: 10px;"></div>

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)