

CDBG DR MULTI-FAMILY NEW CONSTRUCTION HANDBOOK

WISCONSIN DEPARTMENT OF ADMINISTRATION DIVISION OF ENERGY,
HOUSING, AND COMMUNITY RESOURCES



**BUREAU OF COMMUNITY DEVELOPMENT
101 EAST WILSON STREET, 9TH FLOOR
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INTRODUCTION

The Wisconsin Department of Administration (DOA) – Division of Energy, Housing and Community Resources (DEHCR) administers the State Community Development Block Grant Program that provides funding to units of general local government (UGLGs) that do not receive an annual allocation directly from HUD.

The State of Wisconsin Department of Administration's (DOA) Division of Energy, Housing and Community Resources (DEHCR) has developed this handbook as a resource for local government officials and their appointed Community Development Block Grant (CDBG) project managers (i.e., Grant Administrators) to clarify the rules for grant recipients and to help ensure compliance with the state and federal CDBG program requirements.

UGLGs awarded CDBG funding must follow all policies and procedures included in this Handbook and the referenced Handbooks as noted. While this Handbook contains guidance for a combination of state and federal requirements to assist UGLGs in meeting their awarded program obligations, it should be noted that some independent judgment may be required on the part of the UGLG when making certain decisions. DEHCR fully expects recipients of CDBG funding to comply with all applicable local, state and federal requirements, regardless of the information and materials included in this Handbook or any referenced handbook herein.

CDBG-DR PROGRAM OVERVIEW

The purpose of the State of Wisconsin's Community Development Block Grant (CDBG) Disaster Recovery (DR) multi-family new construction program is to assist grantees in developing, rehabilitating or relocating multifamily rental projects in response to the disaster. To administer this program, Units of local government (UGLG) that are within the declared disaster areas and have documented proof of an impact that occurred as a result of the Presidential declared disaster, are eligible apply to the State. This impact may come in different forms including, but not limited to, an increased occupancy rate in multifamily housing, and/or a shortage of housing, exacerbated by the disaster.

All awards are subject to the Robert T. Stafford Act, requiring that all funds used for disaster-related purpose must be deducted as a duplication of benefit.

The United States Department of Housing and Urban Development (HUD) administers the CDBG Program, which is governed by Title I of the Housing and Community Development Act of 1974 as amended (https://www.hud.gov/sites/documents/CDBG_24_CFRPART570.PDF) and federal regulations at 24 CFR 570.480-497 (Subpart I) (<https://www.hudexchange.info/sites/onecpd/assets/File/CDBG-State-National-Objectives-Eligible-Activities-Appendix-B.pdf>).

The Omnibus Budget Reconciliation Act of 1981 (<https://www.congress.gov/bill/97th-congress/house-bill/3982>) authorized states to administer the CDBG programs

ELIGIBLE RECIPIENTS

DEHCR may award CDBG funding to UGLGs to perform eligible activities. The only UGLGs permitted to apply for the State's CDBG-DR funding are the counties and local units of government located in Adams, Columbia, Crawford, Dane, Dodge, Fond du Lac, Green Lake, Iron, Jefferson, Juneau, La Crosse, Marquette, Monroe, Ozaukee, Richland, Sauk, Vernon, and Washington Counties

UGLGs were eligible to apply for CDBG-DR funding by submitting an application. Applicants were competitively scored as outlined in the CDBG-DR NOFA as published.

ADMINISTRATIVE REQUIREMENTS

An important part of any grant is administration. Grant recipients are required to prepare, maintain and submit to the Division of Energy, Housing and Community Resources (DEHCR) all records required to document compliance with the Community Development Block Grant (CDBG) program.

UGLGs will be monitored at least once during the contract period of the Grant Agreement.

Detailed information on Administrative requirements including record keeping and monitoring can be found in Chapter 2 of the BCD CDBG Implementation Handbook at:

https://doa.wi.gov/DECHR/Ch%2002%20Administrative%20Requirements_Sept%202022.pdf

PROCUREMENT, CONTRACTING AND CONFLICT OF INTEREST PROVISION

UGLGs must provide the opportunity for Developers to submit potential Projects and be selected through an open and competitive process. UGLGs must comply with all applicable federal, state and local procurement and contracting regulations and policies for the Community Development Block Grant (CDBG) project. Conflict of interest provisions within the Code of Federal Regulations must be addressed as part of procurement and contracting processes.

In accordance with 24 CFR 570.611, no member of the governing body and no official, employee or agent, nor any other person (covered persons), either for themselves or those with whom they have business or immediate family ties, who exercises policy or decision-making responsibilities will financially benefit from this program. For more information on these requirements please visit the link to Chapter 3 of the Bureau of Community Development (BCD) Implementation Handbook found here: https://doa.wi.gov/DECHR/Ch%2003%20Procurement%20%20Contracting_Sept%202022.pdf

DUPLICATION OF BENEFITS

In accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207) (Stafford Act) and Federal Register Notice published June 20, 2019 (84 FR 28836) requirements, all activities funded with CDBG-DR must undergo a Duplication of Benefits (DOB) review and calculation prior to Project award and prior to close out.

DOB occurs when a program beneficiary receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. This includes all benefits available to a person or entity for the same recovery purpose, including cash and other resources such as insurance proceeds, grants, FEMA assistance, SBA loans, other local, state, or Federal program funds, and private or nonprofit organization funds.

The applicant, receiving assistance under the CDBG-DR Program, is required to report any benefits received for the same services for which they are applying under this program. The applicant must complete and sign a Duplication of Benefits Statement. Should a duplication of benefits occur, the Grantee will be required to collect the excess amount and return those funds to DOA.

ENVIRONMENTAL REVIEW

All Community Development Block Grant (CDBG) projects must meet the requirements of federal, state and local environmental regulations. At the federal level, all CDBG projects must meet the requirements of the National Environmental Policy Act of 1969 (NEPA).

For information and the requirements of the Environmental Review Process, please visit the link to Chapter 4 of the Bureau of Community Development (BCD) CDBG Implementation Handbook found here:

https://doa.wi.gov/DECHR/Ch%2004%20Environmental%20Review_Sept%202022.pdf

Required fillable forms for the Environmental Review may be found at:

<https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

LABOR STANDARDS (DAVIS BACON) REQUIREMENTS

The Davis-Bacon Act (40 USC, Chapter 3, Section 276a-276a-5; and 29 CFR Parts 1, 3, 5, 6 and 7) is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It requires that workers receive no less than the prevailing wages being paid for similar work in the same area. Davis-Bacon does not apply to the rehabilitation of residential structures containing less than eight units or force account labor (construction carried out by employees of the grantee). Labor standards will apply to all projects with more than seven units.

For information Labor Standards requirements, please visit the following link to Chapter 7 of the Bureau of Community Development (BCD) CDBG Implementation Handbook found here:

https://doa.wi.gov/DECHR/Chapter%207%20Labor%20Standards_v2-17-23.pdf

Required fillable forms for Davis Bacon may be found at:

<https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

REPORTING REQUIREMENTS

CDBG programs must report certain accomplishments and information quarterly, semi-annually or annually. The Grant Agreement will designate document submission due dates and activity completion benchmarks for the project. UGLGs are required to follow the Grant Agreement Time Table.

Specific information for these reports, including the required forms can be found in Chapter 6 and Chapter 9 of the BCD CDBG Implementation Handbook at:

https://doa.wi.gov/DECHR/Ch%2009%20Reporting_Sept%202022%20FINAL.pdf

Equal Opportunity

Civil rights laws and related laws and regulations are designed to protect individuals from discrimination on the basis of race, national origin, religion, color, sex, age, disability, sexual orientation and familial status. The laws listed below apply to UGLGs, contractors and sub-contractors. The Department of Labor (DOL) provides employers, workers and others with clear and easy-to-access information and assistance on how to comply with Executive Order 11246. These reports are due semi-annually.

Reporting for Equal Opportunity compliance includes:

- Semi-Annual MBE/WBE Reports; and
- Fair Housing Actions and documentation

Section 3

Section 3 is a provision of HUD Act of 1968 which helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. "To the greatest extent feasible," UGLGs must guide the employment opportunities of the CDBG project towards low- and moderate income (LMI) persons and Section 3 businesses in the community. This report is due semi-annually.

Labor Standards

This report is due semi-annually.

Beneficiary Data:

DEHCR is required to maintain records documenting the demographic information pertaining to CDBG project beneficiaries, which may include (but is not limited to): race, ethnicity, household size, and income. Grantees will be required to compile all of the individual data collected and complete the CDBG DR Completion Report. Each activity undertaken by the Grantee will have its own report.

Single Audit

In addition to semi-annual reports, the UGLG must establish whether the Single Audit requirements listed in Uniform Guidance 2 CFR 200 apply. The UGLG must submit a Single Audit Statement letter (Attachments 9-I / Attachment 9-J) to DEHCR by January 15th of each calendar year for the duration of the Grant Agreement.

FINANCIAL MANAGEMENT

Accurate financial record-keeping, including timely deposit, payment and accounting of Community Development Block Grant (CDBG) funds is crucial to the successful management of a CDBG funded project.

Federal regulations governing the CDBG program require Grantees to establish adequate recordkeeping. A key provision requires records pertaining to authorizations, obligations, unobligated balances, assets, liabilities, outlays and income be maintained. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract regarding financial records shall take precedence.

Detailed information on financial management including how to request CDBG funds can be found in Chapter 8 of the BCD CDBG Implementation Handbook found here:

https://doa.wi.gov/DECHR/Ch%2008%20Financial%20Management_Sept%202022.pdf

NOTE: The DR program does not have a local match requirement.

PROJECT COMPLETION

Final project completion occurs when all funds have been expensed and all reporting, monitoring and completion submission responsibilities related to all projects have been completed by the Unit of General Local Government (UGLG) and approved by DEHCR.

Detailed information on the requirements of project completion including the required forms can be found in Chapter 10 of the BCD CDBG Implementation Handbook found here:

[https://doa.wi.gov/DECHR/Ch%2010%20Project%20Completion Sept%202022.pdf](https://doa.wi.gov/DECHR/Ch%2010%20Project%20Completion%20Sept%202022.pdf)

In addition to the requirements in Chapter 10 of the BCD CDBG Implementation Handbook, Grantees must complete a Housing Completion Report for each activity completed. This form can be found at the end of this handbook.

Project Requirements

AFFORDABILITY REQUIREMENTS:

Rental developments that consist of 3 or more units must ensure that at least 51% of the units are rented to households with annual incomes at or below 80% of the County Median Income adjusted by household size. The rents for these units may not exceed the HUD established fair market rent by bedroom size. To ensure that these requirements are met, multi-family properties are secured with a deed restriction and forgivable mortgage for the term of the affordability period. Grantees have the flexibility to determine how much of the CDBG DR mortgage is forgiven each year until affordability is met. For example, a 20 unit apartment building with a CDBG DR mortgage of \$500,000 is forgiven at the rate of \$25,000 per year.

Sale of a Project during the affordability period is acceptable; however, affordability periods must still be adhered to and included as a deed restriction.

Grantee shall maintain records to verify the project is meeting Low- and Moderate-Income (LMI) affordability requirements. This documentation must be available upon request by the Department or the U.S. Department of Housing and Urban Development. The requirements of the affordability period are listed below.

New construction 8 or more units: 20 years

New construction 3-7 units: 5 years

Household income limits are published annually on the HUD EXCHANGE.

[Income Limits | HUD USER](#)

Fair Market Rents are published annually on the HUD EXCHANGE. [Rent Limits - HUD Exchange](#)

CONSTRUCTION REQUIREMENTS

CDBG DR funds may be used for acquisition, architecture and engineering, permitting, site preparation, developer fees and construction costs.

All residential construction projects using CDBG DR funds must comply with federal regulatory requirements and/or state and/or local building codes. In addition to these requirements all new construction projects must meet Green build and Broadband Infrastructure requirements. Additional information on these requirements can be found here:

<https://doa.wi.gov/DECHR/Residential%20Construction%20Requirements.pdf>

TENANT ELIGIBILITY

Income

As noted above, at least 51% of the units must be rented to households with documented incomes at or below 80% of the County Median Income (CMI) for the geographic area, adjusted for household

size, and determined annually by HUD at the time of application. Tenant income is only verified and documented at the time of move in; annual recertification is not required.

The annual income definition found at 24 CFR Part 5 is used by a variety of Federal programs and must be used to determine eligibility for all Wisconsin CDBG Programs.

The guidelines for determining and calculating household income can be found in the 2019 CDBG Housing Manual, on pages 19-25 located in the link below. These guidelines must be used in determining the household income eligibility.

<https://doa.wi.gov/DECHR/2019%20CDBG%20HOUSING%20IMPLEMENTATION%20MANUAL%20-%209-2-20%20Update%20posted.pdf>

SAMPLE FORMS

SAMPLE

COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY PROGRAM

Documentation of Other Assistance Received

1. FEMA Assistance a. Have you received FEMA assistance? b. Have you applied for FEMA assistance? c. FEMA registration number and structural damage award amount?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: right;">Yes</td> <td style="width: 70%; text-align: left;">No</td> </tr> <tr> <td style="text-align: right;">Yes</td> <td style="text-align: left;">No</td> </tr> <tr> <td style="text-align: right;"># _____</td> <td></td> </tr> <tr> <td style="text-align: right;">\$ _____</td> <td></td> </tr> </table>	Yes	No	Yes	No	# _____		\$ _____	
Yes	No								
Yes	No								
# _____									
\$ _____									
2. Flood insurance (NFIP) payments received	\$ _____								
3. Increased Cost of Compliance (ICC) payment received	\$ _____								
4. SBA loan application number and approved/received amounts	# _____ \$ _____								
5. Property owner's insurance received	\$ _____								
6. Amount of assistance received from any other federal, state, or local source including both public and private to repair the home (in kind or actual payment)	\$ _____								
7. State of Wisconsin Hazard Mitigation Program (HMGP)	\$ _____								

APPLICANT CERTIFICATION: Certify that all the information in the certification above is true, to the best of your knowledge. By signing this certification to verify the information contained, the applicant authorizes the state or any of its duly authorized representatives herein.	
I/We understand the information provided above is collected to determine if I/we are eligible to receive assistance under the Community Development Block Grant Disaster Recovery Program for the disaster. I/We hereby certify that all the information provided herein is true and correct. I/We understand that providing false statements or information is grounds for termination of housing assistance and is punishable under federal law. I/We authorize the above-referenced Subrecipient and any of its duly authorized representatives to verify all information provided in this application. I/We understand that additional information will likely be required to move forward with the CDBG-DR program.	
Signature of Applicant:	Date
Signature of Co-Applicant:	Date
Warning: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.	

Instructions

Documentation of Other Assistance Received

Assistance provided under the State of Wisconsin's Community Development Block Grant – Disaster Recovery (CDBG-DR) Program may not exceed a household's unmet needs. All CDBG-DR applicants are required list all other sources of financial or housing assistance received (local, state, federal, and private sources) from the 2018 disaster event. Each applicant must complete the Documentation of Other Assistance Received form.

What follows is an explanation of the questions on page 1 of this form.

1. Please indicate the registration number and structural damage award amount as found on the award letter you received from FEMA following the 2018 Presidentially Declared Disaster (DR 4402). If you have applied for FEMA assistance but were denied, please provide the award determination letter.
2. If you had flood insurance through the National Flood Insurance Program (NFIP), please indicate the amount of payment you received from the 2018 disaster event.
3. The Increased Cost of Compliance (ICC) fund is a reserve of excess funds available through the NFIP and may have been used to compensate you for your loss. Please indicate any ICC payment amounts you may have received.
4. Did you receive a loan from the Small Business Association (SBA) following the 2018 disaster event? Please indicate the loan # and amount of loan you received.
5. Please provide documentation of any home insurance claims filed and payments received for damages incurred during the 2018 disaster event. This information typically comes with a written settlement statement that accompanies your payment.
6. Examples of other assistance include federal, state, or local public and private sources not already listed and/or local flood recovery groups or social organizations (Salvation Army, Red Cross, etc.) that raised money for the purpose of assisting homeowners and tenants that were affected by the 2018 disaster events. Only funds that were designated for structural repairs of the home need be reported. Funds designated to replace personal property (clothing, furniture, kitchen appliances) need not be reported.
7. Have you received any storm related assistance (floodplain buyout) from the State of Wisconsin (applicants may be a County, City, Village of Township) Hazard Mitigation Program for your property?

Agreement to Return Funds

I understand that I must repay to _____ any assistance received , from any other source, for the same purpose for which the CDBG-DR funds were provided.

CDBG DR HOUSING COMPLETION REPORT

This form is required for all residential and or multi-family housing projects. A separate form for each project address and/or building is required.

1. GRANTEE CONTACT

CONTRACT #:	SUBMISSION DATE:	PROJECT NAME:	
<input type="checkbox"/> Original Submission		<input type="checkbox"/> Revision	
GRANTEE NAME:		EMAIL ADDRESS:	
GRANTEE CONTACT:		TELEPHONE:	EXT. #:

2. ACTIVITY INFORMATION

Street Address:			
City:		Zip code:	
11-digit Census Tract #:		County Name:	

Settlement Date or Date of 100% Occupancy (rental)		
Number of years of affordability		Deed Restriction: Forgivable Mortgage:

3. CDBG DR FUNDS

Total CDBG Contract Funds Used on this Activity	1. \$
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4. OTHER FEDERAL FUNDS USED (Specify source & amount)

N/A

Federal Funds		\$
Federal Funds		\$
USDA Rural Development Loan		\$
TOTAL FEDERAL FUNDS		\$

5. STATE/LOCAL FUNDS USED (Specify source & amount)

N/A

Housing Trust Funds		\$
State/Local Appropriated Funds		\$
State/Local Tax Exempt Bond Proceeds		\$
TOTAL STATE/LOCAL FUNDS		\$

6. PRIVATE FUNDS USED (Specify source & amount)

N/A

Lender Name:	Mortgage Amount:		
Loan Type: <input type="checkbox"/> fixed <input type="checkbox"/> variable	Lock in Date:	Interest Rate:	No. of Years:
Private Loan Amount	\$		

Owner Cash Contribution	\$
Foundation Grants	\$
Individual Donations (specify who/what)	\$
TOTAL PRIVATE FUNDS	\$

TOTAL ACTIVITY COST (Items 3 through 6)	\$
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Continue to Next Page

7a. HOUSEHOLD CHARACTERISTICS

*Round to the nearest dollar. Report all units within in the development/building. Add additional pages as needed.

Unit No	No. of Bedrooms	Occupant	Monthly Rent (including Tenant Paid Utilities)*			Income Data		Household Data				
			Tenant Contribution	Subsidy Amount	Total Rent	Monthly Gross Income*	% of Area Median		Race of Head of Household	Size of Household	Type of Household	Rental Assistance
	0. efficiency 1. 1Bdrm 2. 2 Bdrms 3. 3 Bdrms 4. 4 Bdrms 5. 5 or more Bdrms	1. Tenant 2. Owner 9. Vacant					1. 0-30% 2. 31-50% 3. 51-80% 4. 81-120% 9. Vacant	HISPANIC Check if "Yes"	11. White 12. Black/African American 13. Asian 14. American Indian / Alaskan Native 15. Native Hawaiian / Other Pacific Islander 16. American Indian / Alaskan Native & White 17. Asian & White 18. Black/African American & White 19. American Indian / Alaskan Native & Black / African American 20. Balance / Other 9. Vacant unit	1. 1 Person 2. 2 Persons 3. 3 Persons 4. 4 Persons 5. 5 Persons 6. 6 Persons 7. 7 Persons 8. 8 or more Persons 9. Vacant	1. Single/non-Elderly 2. Elderly 3. Related/1 parent 4. Related/2 parent 5. Other 9. Vacant Unit	1. Section 8 2. HOME TBA 3. Other 4. None 9. Vacant Unit
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				
			\$	\$	\$	\$		<input type="checkbox"/>				

7b. HOUSEHOLD CHARACTERISTICS:

Please enter the information for the units reported on the previous page under 7a.

- a. Number of households with a member with a disability _____
- b. Number of households with a female head of household _____
- c. Number of high efficiency heating units used _____
- d. Number of units with solar panels _____
- e. Number of dishwashers installed/used _____
- f. Number of Energy Star refrigerators installed/used _____
- g. Number of low flow showerheads installed/used _____
- h. Number of units created with bus/rail access _____
- i. Number of units exceeding Energy Star standards _____
- j. Number of low flow toilets installed _____
- k. Green Build Requirements (required-list standard met) _____
- l. Number of Energy Star windows replaced/used _____
- m. Number of units located on a bus route _____