

## PART II

## PROGRAM ADMINISTRATION GUIDELINES FOR GRANTEEES

## CHAPTER 4. PROGRAM DESCRIPTION

- 4-1 TIME FOR SUBMISSION. Cities, urban counties, States and consortia that receive a formula allocation under Subpart C of 24 CFR 511 must submit a Program Description to the appropriate HUD Field Office within 45 days of the date of publication of allocations for the fiscal year. Written notice of allocations and due dates for Program Descriptions for each funding year will appear in the Federal Register. If a State elects not to participate in the RRP, eligible units of general local government located in the State that wish to participate in the HUD-administered State program under 24 CFR 511.52 must submit a Program Description to the responsible HUD Field Office within 45 days of the date stated in a written notification from such Field Office to such eligible units of local government of fund availability under the program for the fiscal year.
- A. Time Extension. Upon request by a prospective grantee made within the original 45-day period, the deadlines in 24 CFR 511.20 may be extended for good cause by not more than 30 days by the appropriate HUD Field Office. If an additional extension is needed for good cause, HUD Headquarters may grant a further extension. Grantees needing an extension should submit their request to the appropriate HUD Field office in writing along with a justification as to why the extension is necessary. The request may not be made after the fact. Good cause is generally limited to the fact that the government body authorized to approve the program does not meet within the 45 day period.
- 4-2 PROGRAM DESCRIPTION ELEMENTS. As required in 24 CFR 511.20, each prospective grantee shall submit a Program Description signed by its Chief Executive officer or designee on Standard Form 424 (See Exhibit 4.1) which shall include the following 12 "elements" in narrative form:
- A. Program Activities. This element is a description of the grantee's proposed rental rehabilitation program, consisting of:

1. The activities the grantee proposes to undertake

for the fiscal year, such as the rehabilitation of single family or multi-family properties; or

2. In the case of a State distributing rental rehabilitation grant amounts to State recipients, the State's proposed method of distributing its rental rehabilitation grant.

If particular projects are known to be ready for funding, it would be useful for the grantee to briefly describe them here. If particular types of projects are being sought, those categories should be noted. These more detailed activity descriptions are not binding on the grantee, but changes should be documented as described in Paragraph 4-2.B.3 below.

B. Neighborhood Selection.

1. City, Urban County and Consortium Grantees. Prospective city, urban county, and consortium grantees shall identify in the Program Description the neighborhood(s) in which assisted activities are to be carried out and provide information, for each neighborhood, to indicate compliance with the neighborhood selection requirements of 24 CFR 511.10(c)(1) and (2), including:
  - a. A map indicating the boundaries of each neighborhood, or a description of the boundaries of each neighborhood;
  - b. The median income of the neighborhood; and
  - c. Current rent levels in the neighborhood, and a statement as to whether standard units are generally affordable to lower income families and the likelihood of their continued affordability for lower income families for the next 5 years.
2. State grantees. Where possible, prospective grantees will comply with the provision of Paragraph 1 above. Where neighborhoods have not been identified at the time of submission of the Program Description, prospective State grantees should indicate the types of neighborhood selection guidelines to be used to ensure compliance with the neighborhood selection requirements.

3. Amending the Program Description. A grantee may

complete or amend its Program Description during the program year to identify or change neighborhoods or revise existing neighborhoods, by documenting its Program Description file with the same type of information that would be submitted to the responsible HUD Field office under 24 CFR 511.20(b)(2)(i). Such information shall be available for monitoring and audit by HUD.

- C. Lower-Income Benefit. In this element the grantee must describe how it intends to ensure that the applicable percentage of rental rehabilitation grant amounts will be used for the benefit of lower income families, as outlined under 511.10(a) of the RRP regulations. The description will indicate how the grantee plans to achieve the specified level of lower income benefit.
  
- D. Use of Grants for Large Family Benefit. This element must detail the grantee's plan for ensuring that an equitable share of rental rehabilitation grant amounts will be used to assist in the provision of housing designed for occupancy by families with children, particularly families requiring three or more bedrooms. The grantee will describe how it plans to give priority to projects containing three or more bedroom units. On a national basis, HUD is attempting to achieve at least a 15 percent level of funds used for three bedroom units and each grantee should attempt to achieve that much. In addition, HUD requires that 70 percent of the program grant be used for units of two or more bedrooms, unless a lower percentage is approved by HUD. A grantee seeking a lower level, should include an explanation of why it proposes to use less than 70 percent of its rental rehabilitation grant for the rehabilitation of units containing less than two or more bedrooms. Such explanations shall include the citation to any seismic standards ordinance, if applicable. As discussed in Paragraph 2-3-A of this Handbook, the explanation of the need for a lower level could include, but is not limited to, the following:
  - 1. Demographics of the proposed neighborhoods which describe a significant single person rental market, particularly, a need for permanent housing for homeless persons;

- 2. A statement that the PHA has a short waiting list of large families requiring assistance;

3. A description of a rental stock which is predominantly one bedroom or less;

Historical information regarding families assisted through the PHA and the size of families on the present PHA waiting list is appropriate supporting evidence. Grantees should note that a showing of need for less than 70 percent two or more bedrooms in any one neighborhood will not be considered sufficient reason by HUD to grant a reduction if there are other neighborhoods appropriate for the RRP which have a housing stock that would assist the grantee in meeting program requirements.

- E. Selection of Proposals. The Program Description must include a statement of the procedures and standards that will govern the selection of proposals by the grantee or, in the case of a State distributing rental rehabilitation grants to State recipients, a statement of the State's guidelines for ensuring that these recipients have procedures and standards governing their selection of proposals. These procedures and standards must take into account:

1. The project selection priorities for projects (a) with substandard units occupied by very low income families and (b) units that are accessible to the handicapped, as stated in 24 CFR 511.10;
2. The extent to which the proposal represents the efficient use of rental rehabilitation grant amounts, e.g., giving priority to projects which require a minimum percentage of public subsidy or maintaining a specified leveraging ratio for all deals.
3. The extent to which the proposal will minimize displacement of lower income tenants in accordance with the displacement and tenant assistance policy in 24 CFR 511.14(a); and
4. The extent to which the dwelling units involved will be adequately maintained and operated with rents at the levels proposed. This may consist of plans for requiring a sufficient equity interest, risk, or other involvement in selected projects by private investors and lenders to

- F. Financial Feasibility. Grantees must provide in this element evidence demonstrating the financial feasibility of the proposed RRP, including the availability of non-Federal governmental and private resources, such as a letter of participation from a local lender, a description of the grantee's plan to secure private financing for the projects, or past uses of lender involvement where the grantee has not identified specific projects at the time of submission of the program. In the case of States distributing grant amounts to State recipients, this evidence will consist of the grantee's plan to ensure its program's financial feasibility including plans to acquire a source of non-Federal rehabilitation financing. A plan which is based on private investors obtaining capital on their own through equity investments and private loans would be acceptable, if it appears to be reasonably achievable. Grantees do not need to specify the financial subsidy techniques in the Program Description.
- G. Neighborhood Preservation. For this element, the grantee must include a clear statement regarding the effect of the proposed program on neighborhood preservation.
- H. Schedule for Committing Rental Rehabilitation Grant Amounts. A quarterly schedule for committing funds to specific local projects is required and will be the standard against which the grantee's progress will be measured for purposes of fund deobligations. Acceptable schedules should at minimum include:
1. Except for States working with State recipients, at least 50 percent of grant funds are scheduled to be committed within 9 months of the execution of the Grant Agreement by HUD and 100 percent within 12 months of the execution of the Grant Agreement by HUD; and
  2. For States working with State recipients, at least 35 percent of the grant funds are scheduled to be committed within 9 months of the execution by HUD of the Grant Agreement with the State and 100 percent is scheduled to be committed within 15 months of the execution by HUD of the Grant Agreement with the State.

- I. Nondiscrimination and Equal Opportunity. The grantee must include in this item a statement of policy and procedures it will follow to meet the requirements

for nondiscrimination, equal opportunity and affirmative marketing of units in rehabilitated projects as required in 24 CFR 511.13. In the Program Description, grantees are responsible for adopting procedures and describing specific actions to be taken to inform eligible persons of all racial, ethnic and gender groups about the housing opportunities generated through the Rental Rehabilitation Program as described below. States distributing rental rehabilitation grants to units of general local government additionally develop procedures and requirements for their recipients that indicate the actions their recipients (units of local government) must take to meet the affirmative marketing objectives, the records and reports they will require of recipients and how States will assess the results of the recipients' affirmative marketing efforts. The procedures must include at least these five elements:

1. methods for informing the public, owners, and potential tenants about fair housing laws and the grantee's affirmative marketing policy;
2. requirements and practices for owners in the program to carry out the grantee's affirmative marketing requirements;
3. procedures owners must use to solicit tenant applications from persons not likely to apply for the housing without special outreach;
4. records to be kept regarding the affirmative marketing efforts of owners and grantees; and
5. a description of how the grantee will assess owners' efforts and its corrective actions for non-performing owners.

J. Grantee's Organizational Structure. This element is to include the name, address and telephone number of the organizational subdivision of the grantee responsible for administering the RRP, and the name, address and telephone number of the grantee's contact person for the program.

K. PHA Participation. A Memorandum of Understanding (MOU) signed by the grantee and the appropriate PHA

in accordance with 24 CFR 511.40 shall be submitted, whenever possible, with the Program Description. (The MOU is further described in Chapter 13 of this

Handbook.) For a State RRP, it may be possible for the State to submit a MOU with its Program Description if there is a State-wide PHA that will be making Section 8 housing vouchers or certificates available for families in RRP projects. However, if the State is working with State recipients, which will use local and/or State PHAs, the MOU should be a part of the submission requirements for State recipients to participate in the State RRP. If the PHA is not known or has not yet agreed to a MOU, the grantee must include a statement describing its timetable for executing a MOU with a PHA in accordance with 24 CFR 511.40 prior to commitment of grant amounts to specific projects, or, in the alternative, how it will meet the affordability and relocation requirements of the RRP without the use of Section 8 resources.

- L. High Cost. If applicable, the grantee should include an explanation of why higher per dwelling unit rental rehabilitation grant amounts for projects are proposed, as provided in 24 CFR 511.11(e)(2)(ii).

4-3 CERTIFICATIONS. The prospective grantee shall certify that:

- A. The submission of the Program Description is authorized under State and local law (as applicable), and the grantee possesses the legal authority to carry out the Rental Rehabilitation Program described therein, in accordance with the RRP regulations;
- B. Its RRP was developed after consultation with the public and its Program Description has been and will be made available to the public in accordance with 24 CFR 511.73(c);
- C. If applicable, its lower income benefit standard should be reduced to 70 percent, as provided by 24 CFR 511.10(a)(2); this certification will be accompanied by an explanation of the reason why the reduced benefit standard is necessary, as provided in 24 CFR 511.10(a)(2);
- D. It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR 24 and the requirements of 24 CFR 511.14 and a written

adopted;

- E. It will conduct and administer its RRP and, if applicable, ensure that State recipients conduct and administer their RRP's, in accordance with the requirements of 24 CFR 511; and
- F. It will comply with the drug-free workplace requirements in accordance with 24 CFR 24 Subpart F (See Paragraph 3-10 and Exhibit 3-7 of this Handbook for more information.)

In addition to the above, the prospective grantee shall execute a certification that it will comply with the requirements of Public Law 101-121 and its implementing procedures which generally prohibit grantees from using appropriated funds for lobbying. (See Paragraph 3-11 and Exhibit 3-8 of this Handbook for more information). NOTE: See Exhibit 4-2 for certifications A through E above.

4-4 REVIEW OF PROGRAM DESCRIPTION. The responsible HUD Field Office will review a grantee's Program Description, and will approve the description if it contains information that the Field Office determines to be satisfactory. The Field Office will make a good faith effort to approve the description within the review period provided in 24 CFR 511.2(b) (See Paragraph 4-4.C. below) unless it makes one or more of the following determinations:

- A. Timeliness. The submission was not received within the time period established under Paragraph 4.1 of this Handbook and the regulations at 24 CFR 511.20(a), including any permissible extension. If not so received, the Program Description will not be approved.
- B. Failure to Submit Annual Performance Report (APR). If a grantee participated in the RRP in the preceding year and has not submitted the APR for that year under 24 CFR 511.81(b), the Program Description will not be approved.
- C. Program Description and certifications. The Program Description does not contain evidence or information sufficient (on the basis of the description or otherwise) to support each of its required elements under 24 CFR 511.20(b) and (c). The grantee's certifications will be accepted by the Field Office

in the absence of independent evidence that tends to substantially challenge the subject matter of the

certification. If such independent evidence is not available to HUD, or if the evidence or information submitted is not sufficient to support an element of the description, the grantee may be required to furnish such additional information or assurances as HUD may deem necessary to find the Program Description and certifications satisfactory.

- 4-5 REVIEW PERIOD. The HUD Field office will make a good faith effort to notify the grantee of any deficiencies in its Program Description within 30 days after receipt. If the grantee is so notified, the grantee shall have 20 days to submit the necessary supporting information. If such information is not received in a timely manner, or is insufficient, the HUD Field Office will not approve the Program Description. The Field Office shall make a good faith effort to advise the prospective grantee whether its Program Description is approved, conditionally approved, or not approved within 15 days from the date of receipt of the additional information. Failure of the Field Office to act on the Program Description within these time periods shall not, however, constitute approval. While Field Office Review of the Program Description is the lead responsibility of CPD, other offices with RRP responsibilities, e.g., the office of Housing and FHEO, should routinely be provided with copies of the Program Description, and other pertinent documents (e.g., certifications, the APR, etc.).
- 4-6 CONDITIONAL GRANT. Where there is substantial evidence that there has been, or there will be, a failure to meet the program and other requirements of 24 CFR 511, HUD may approve a rental rehabilitation grant subject to conditions which restrict the grantee's ability to use all or a portion of the grant for a period of time, as specified in the Grant Agreement. The Field Office must consult with the office of Urban Rehabilitation in Headquarters prior to imposing any grant conditions. The Grant Agreement shall also specify the actions necessary for the grantee to satisfy the conditions, which shall not require any actions or approvals which are subject to HUD discretion. Failure to satisfy a condition within the specified time may result in a reduction or withdrawal of all or a portion of the specified grant amount under Subpart I of 24 CFR 511. The reasons for any conditional grant will also be specified in the Field office's grant approval letter to the prospective grantee.

- 4-7 EXECUTING THE GRANT AGREEMENT. Once a Program Description is approved, HUD will execute a Funding Approval form HUD 40015 and Grant Agreement form HUD 40015.1 and obligate rental rehabilitation grant amounts to the grantee. The

grant will be subject to execution by the Chief Executive Officer or designee of the grantee and satisfaction or release of any applicable conditions specified in the Grant Agreement before grant amounts are disbursed. The grant shall be obligated on the date HUD notifies the grantee of HUD's execution of the Grant Agreement in accordance with 24 CFR 511.21.

- 4-8 CONGRESSIONAL NOTICE. The purpose of this notification process is to announce those grantees who have been approved for participation in the Rental Rehabilitation Program. Prior to notifying a grantee of fund approval and following signing of the Funding Approval and Grant Agreement by the Field Office, the appropriate HUD Field Office shall FAX the HUD Notification Form to the Office of Legislation and Congressional Relations (LCR - FTS 458-0005). LCR will provide the Field office with the release date. On the release date, the Field Office may contact the grantee and send the approval letter and appropriate forms for the grantee's signature.