



POLICY MANUAL

**COMMUNITY DEVELOPMENT BLOCK GRANT –
DISASTER RECOVERY (CDBG-DR)**

HOMEOWNER REHABILITATION/RECONSTRUCTION PROGRAM (HRP)



This manual may be updated periodically to reflect changes in federal, state, or local requirements, as well as operational updates, program improvements, or clarifications.

PROGRAM OVERVIEW

Program Name:	CDBG-DR	
Grantee Name:	City of Little Rock (CLR)	
Entity Designated to Administer the Funds	City of Little Rock	
Amount of funds allocated in the action plan:	\$20,895,000.00	
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Grantee City Manager:	Delphone Hubbard	

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VERSION POLICY & CHANGE CONTROL

This document is subject to version control. Policy updates may be necessary throughout the life of the Program to clarify, add, or remove requirements governing program operations. All policy decisions will be formally documented and incorporated into the relevant program materials. Unless explicitly stated otherwise, revisions apply prospectively and become effective upon approval of the updated document.

All versions and publication dates are recorded in the Version History Table, along with a brief description of changes. Revisions that reflect a substantive change in policy will result in the issuance of a new major version number (for example, Version 1.0 to Version 2.0). Updates that do not alter policy intent, such as editorial revisions, clarifications, or formatting changes, will be reflected through minor version updates (for example, Version 2.1 or 2.2).

Version	Date	Description
Version 1.0	March 23, 2026	Prepared by: Department of Housing & Neighborhood Programs

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ACRONYMS

Acronym	Definition
ADA	Americans with Disabilities Act
AMI	Area Median Income
BFE	Base Flood Elevation
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant – Disaster Recovery
CFR	Code of Federal Regulations
CLR	City of Little Rock
CPD	Community Planning and Development (HUD Office)
DOB	Duplication of Benefits
DRGR	Disaster Recovery Grant Reporting System
DSS	Decent, Safe, and Sanitary Standards
EA	Environmental Assessment
EIS	Environmental Impact Statement
FEMA	Federal Emergency Management Agency
FFRMS	Federal Flood Risk Management Standard
FIRM	Flood Insurance Rate Map
FONSI	Finding of No Significant Impact
HCDA	Housing and Community Development Act of 1974
HNP	Housing & Neighborhood Programs Department
HQS	Housing Quality Standards
HUD	U.S. Department of Housing and Urban Development
LEP	Limited English Proficiency
LMI	Low- and Moderate-Income



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MHU	Manufactured Housing Unit
MID	Most Impacted and Distressed
NEPA	National Environmental Policy Act
NFIP	National Flood Insurance Program
NOI-RROF	Notice of Intent to Request Release of Funds
OIG	Office of Inspector General
PII	Personally Identifiable Information
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
RE	Responsible Entity
RFP	Request for Proposals
RROF	Request for Release of Funds
SBA	Small Business Administration
SFHA	Special Flood Hazard Area
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act

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DEFINITIONS

Term	Definition
Applicant	An individual or entity that applies for assistance under the CDBG-DR program.
Affordability Period	The required period during which an assisted property must meet program requirements, including occupancy and use restrictions.
Assistance	Financial support provided through the CDBG-DR program for eligible activities.
Duplication of Benefits (DOB)	Financial assistance received from multiple sources for the same purpose that exceeds the total need for recovery.
Eligible Activity	An activity that is permitted under the Housing and Community Development Act and applicable HUD guidance.
Environmental Review	A federally required process to evaluate the potential environmental impacts of a project before funds are committed.
Grantee	The entity that receives CDBG-DR funds directly from HUD (City of Little Rock).
Low- and Moderate-Income (LMI)	Households with income at or below HUD-defined thresholds, typically $\leq 80\%$ of Area Median Income.
Most Impacted and Distressed (MID)	Geographic areas identified by HUD as having the greatest disaster impact and unmet recovery needs.
National Objective	A required outcome for all CDBG-DR activities: LMI benefit, slum/blight removal, or urgent need.
Program Income	Gross income received by the grantee or subrecipient generated from the use of CDBG-DR funds.
Reconstruction	Rebuilding a housing unit on the same site when rehabilitation is not feasible.
Rehabilitation	Repairing and improving a housing unit to meet applicable standards.
Responsible Entity (RE)	The entity responsible for environmental review and compliance under 24 CFR Part 58 (CLR).
Subrecipient	A nonprofit or public entity that carries out program activities on behalf of the grantee.
Tie-Back to Disaster	Requirement that all activities must be directly related to the declared disaster event.

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Unmet Need	The portion of disaster-related damage that remains after accounting for all other assistance sources.
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1. INTRODUCTION

The City of Little Rock (CLR) receives and administers funds through the Community Development Block Grant–Disaster Recovery (CDBG-DR) program, authorized under Title I of the Housing and Community Development Act of 1974¹. CDBG-DR supports long-term recovery in communities affected by major disasters, with a focus on restoring housing, infrastructure, and economic stability for low- to moderate-income (LMI) residents.

CLR is committed to administering these funds with integrity, accountability, and efficiency, using creative and effective approaches that address the state’s unique recovery and housing needs. All activities will be guided by strong safeguards to prevent waste, fraud, and abuse.

The City is dedicated to innovation, flexibility, and responsiveness in program design and implementation to ensure that unmet recovery and resilience needs are addressed equitably and sustainably.

1.1. PURPOSE OF MANUAL

This Policy and Procedures Manual provides the operational framework for administering the Homeowner Rehabilitation/Reconstruction Program (HRP) under the CLR CDBG-DR program. It guides City staff, subrecipients, developers, contractors, and partners in implementing long-term housing recovery activities that address unmet needs resulting from the March 31, 2023, EF-3 tornado.

The Manual outlines program requirements, eligibility standards, compliance expectations, and process workflows to ensure all HRP activities align with HUD regulations, federal cross-cutting requirements, and the City’s HUD-approved Action Plan. These policies support transparent, consistent, and equitable administration of recovery funds while promoting access to safe and resilient housing. CLR may update or amend this Manual as HUD issues new guidance or as Action Plan amendments require procedural changes.

1.2. BACKGROUND ON CDBG-DR FUNDING

The CDBG-DR program is a special allocation of federal funding provided by the U.S. Department of Housing and Urban Development (HUD) to assist communities in recovering from disasters declared by the President². These funds are intended to support long-term recovery efforts in areas where the scale of damage exceeds the capacity of local resources and traditional disaster response programs, such as those offered by the Federal Emergency Management Agency (FEMA) or the Small Business Administration (SBA).

CDBG-DR is not an emergency response program. Instead, it is designed to address the unmet needs (see CLR [Action Plan](#)) that remain after initial disaster relief has been provided. These needs often

¹ <https://www.govinfo.gov/content/pkg/COMPS-10382/pdf/COMPS-10382.pdf>

² [U.S. Department of Housing and Urban Development \(HUD\), CDBG-DR Program Overview](#)

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include rebuilding homes, restoring infrastructure, revitalizing local economies, and supporting vulnerable populations through public services. While CDBG-DR funds are flexible and can be used for a wide range of recovery activities, all funded activities must be directly tied to disaster-related impacts and must meet one of HUD’s three National Objectives³:

- Benefit to LMI Persons – This is the primary objective of the CDBG-DR Program. At least 51% of the beneficiaries of an activity are LMI individuals or households.
- Prevention or Elimination of Slums or Blight – Activities aimed at reducing, preventing, or eliminating conditions of slum or blight in a designated area, or on a spot basis (e.g., demolition of a dangerous, deteriorated building).
- Urgent Need – May be used when an activity addresses a serious and immediate threat to the health or welfare of the community and no other financial resources are available.

Congress appropriates CDBG-DR funds through special legislation in response to major disasters. Once funding is approved, HUD allocates the funds to eligible states, cities, or counties based on the severity of damage and the extent of unmet needs. HUD also issues detailed guidance, through Federal Register Notices and the CDBG-DR Universal Notice, that outlines how the funds must be used. This includes requirements for public engagement, financial oversight, civil rights compliance, and environmental review.

In January 2025, HUD allocated \$20,895,000⁴ in CDBG-DR funding to the CLR to support recovery from the March 31, 2023, EF-3 tornado. This funding is governed by the requirements outlined in the Federal Register (90 FR 4759) and the CDBG-DR Universal Notice (90 FR 1754)⁵, as amended by Memorandum 2025-026.³ These documents establish the rules, waivers, and alternative requirements that grantees must follow to ensure that funds are used effectively, equitably, and in compliance with federal law.

The CLR’s CDBG-DR program includes several components, housing, infrastructure, economic revitalization, mitigation, and public services, all designed to help the community recover and build resilience against future disasters. The Housing Programs described in this Manual represent a major component of the City’s long-term recovery strategy and focus on stabilizing impacted neighborhoods, supporting homeowners, and increasing the supply of affordable, resilient housing.

³ 24 CFR § 570.208; HUD Universal Notice, 90 FR 1754

⁴ <https://www.federalregister.gov/documents/2025/01/16/2025-00943/allocations-for-community-development-block-grant-disaster-recovery-and-implementation-of-the>

⁵ <https://www.federalregister.gov/documents/2025/01/08/2024-30365/community-development-block-grant-disaster-recovery-universal-notice>

⁶ HUD Memorandum 2025-02, “Revisions to the Universal Notice,” published March 19, 2025.

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1.3. OVERVIEW OF DISASTER IMPACT IN LITTLE ROCK

On March 31, 2023, an EF-3 tornado struck the CLR, causing widespread damage to residential areas, displacing hundreds of households, and disrupting community infrastructure. More than \$85 million in property damage occurred across multiple neighborhoods, including areas with limited financial capacity to recover without federal assistance.



Figure 1. Housing Damage Conditions Following DR-4698

Homes experienced structural loss, major habitability issues, and long-term displacement impacts. Several residents continue to face unmet housing needs due to insufficient insurance payouts, delays in rebuilding, and the unavailability of safe, affordable housing options. The disaster disproportionately affected vulnerable populations, including LMI households, renters, and individuals with limited access to recovery resources.

1.4. ALIGNMENT WITH HUD ALLOCATION AND CITY ACTION PLAN

HUD allocated \$20,895,000 in CDBG-DR funding to the CLR to support long-term recovery activities. Housing represents a major component of the City's Action Plan (53% of the total grant). The CLR allocated \$3,503,250 in CDBG-DR funds for the HRP, specifically to support the repair, reconstruction, and replacement of homes damaged by the March 2023 tornado. The number of properties ultimately served will depend on the volume of need and availability of qualified contractors. Assistance under the program is targeted to address persistent unmet housing recovery needs and to support the provision of safe, resilient, and habitable housing for affected households.

Due to limited resources, the HRP will prioritize assistance to applicants with one or more of the following characteristics:

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- Applicants who owned the property at the time of the tornado;
- Applicants with properties located within a HUD MID area;
- Properties that sustained qualifying damage from the March 2023 tornado; and
- Properties located outside of the Special Flood Hazard Area (SFHA).

All work must comply with the State of Arkansas building codes and applicable resiliency standards to safeguard human life and promote long-term housing stability. The program is centrally administered by the CLR Department of Housing and Neighborhood Programs (HNP) and is targeted at serving LMI households throughout the CLR, which is designated as a HUD Most Impacted and Distressed (MID) area.

2. Roles and Responsibilities

Effective implementation of the CLR’s CDBG-DR programs requires a coordinated effort among multiple stakeholders, each with clearly defined roles and responsibilities. This section outlines the organizational structure and key entities responsible for administering, managing, and delivering disaster recovery activities in compliance with HUD regulations and the Universal Notice.

The CLR, as the lead agency and Responsible Entity (RE), will oversee all aspects of program delivery, including environmental review, financial management, and compliance. The City will work in partnership with subrecipients, contractors, consultants, and technical assistance providers to ensure that recovery programs are implemented efficiently, equitably, and in alignment with the unmet needs identified in the Action Plan.

This framework ensures accountability, transparency, and the successful delivery of services to impacted residents and communities within the HUD-identified MID areas.

Entity	Role	Primary Responsibilities	Regulatory / Compliance Authority
CLR – Department of Housing & Neighborhood Programs (HNP)	Lead Agency & Responsible Entity (RE)	<ul style="list-style-type: none"> • Serves as the designated Responsible Entity for the CDBG-DR grant • Assumes full authority for decision-making and environmental reviews • Leads administration of all CDBG-DR programs • Ensures compliance with federal, state, and local requirements 	Housing and Community Development Act (HCDA); 24 CFR Part 58.4; HUD Universal Notice
CLR – CDBG-DR Program Management Team	Program Oversight & Coordination	<ul style="list-style-type: none"> • Manages day-to-day program implementation and timelines • Ensures compliance with HUD regulations and Universal Notice • Oversees financial management, reporting, and DRGR drawdowns • Coordinates internal departments and external partners 	2 CFR Part 200; HUD Universal Notice; DRGR Reporting Requirements

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Entity	Role	Primary Responsibilities	Regulatory / Compliance Authority
		Conducts internal audits and quality control reviews	
Subrecipients	Program Implementation Partners	<ul style="list-style-type: none"> • Deliver eligible program activities • Demonstrate capacity to comply with HUD requirements • Enter into written agreements outlining scope, budget, and compliance • Maintain records and report on beneficiary services • Subject to risk assessment and ongoing monitoring 	2 CFR Part 200 (Subrecipient Requirements); 24 CFR Part 570; HUD Universal Notice
Contractors	Service Delivery Providers	<ul style="list-style-type: none"> • Provide goods and services necessary for program implementation • Perform work in accordance with executed contracts • Comply with federal labor, procurement, and performance standards • Support construction, rehabilitation, and other eligible activities 	2 CFR 200.318–327 (Procurement); Davis-Bacon Act (if applicable); HUD Universal Notice
Consultants & Technical Assistance Providers	Advisory & Technical Support	<ul style="list-style-type: none"> • Support environmental reviews, program design, and compliance • Assist with DRGR reporting and data management • Provide outreach, communications, and capacity building • Support policy development and implementation strategies • Monitored for performance and compliance 	2 CFR 200.318–327 (Procurement); HUD Universal Notice; City Procurement Policies

3. ELIGIBLE GEOGRAPHIC AREAS

All projects assisted under the CLR’s CDBG-DR Program must be located within a HUD-identified MID



area. For this allocation, the entire CLR has been designated by HUD as a MID area in the applicable AAN and the City’s HUD-approved Action Plan. As a result, only properties located within the city limits of Little Rock are eligible to receive CDBG-DR assistance, unless HUD expressly authorizes assistance outside the MID area through a waiver or alternative requirement.

Figure 2. CDBG-DR Assistance Geographic Eligibility - City of Little Rock

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4. CROSS-CUTTING IMPLEMENTATION POLICIES

This section establishes cross-cutting policies and requirements that apply to all CDBG-DR Housing Programs administered by the CLR. These policies ensure compliance with federal rules, promote consistent implementation, and create a clear operational framework for staff, subrecipients, contractors, and partners. The requirements outlined here support accountability, cost control, construction quality, and documentation needed for HUD monitoring and long-term recovery.

4.1. ENVIRONMENTAL REVIEW REQUIREMENTS

All applicable Environmental Review Requirements must be met prior to the allocation or disbursement of funds to a project activity. These requirements include local, State, and federal environmental requirements whereby the most stringent environmental rules apply (whether it be local, state, or federal). Each project will conduct an environmental review and shall document compliance with [24 CFR Part 58](#), the [National Environmental Policy Act \(NEPA\)](#), and all related state/local/federal laws, authorities, and executive orders. The program will not proceed with the construction or rehabilitation of housing units that have been determined to have a Finding of Significant Impact (FOSI).

The CLR serves as the RE and must complete environmental reviews in accordance with the provisions of the National Environment Policy Act of 1969⁷ and 24 CFR Part 58⁸ before committing funds to any activity.

Requirements:

- No work may begin until environmental clearance is issued.
- All reviews must evaluate hazards such as floodplain impacts, lead-based paint, asbestos, contaminated soils, and any other site conditions affecting safety or viability.
- Environmental documentation must be included in the project file.
- Projects requiring a Request for Release of Funds (RROF) may not proceed until HUD approval is received.

The City is responsible for conducting environmental reviews for all approved projects and programs. For developments carried out by external entities, the City will initiate the Request for Release of Funds (RROF) and approve the Release of Funds (ROF) upon HUD authorization.

The following categories are the different levels of Environmental Review:

⁷ <https://www.govinfo.gov/content/pkg/COMPS-10352/pdf/COMPS-10352.pdf>

⁸ <https://www.ecfr.gov/current/title-24/subtitle-A/part-58>

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- CEST: Categorically Excluded, Subject To §58.5 (also subject to §58.6)
 - Includes Continuum of Care Program leasing, sponsor-based and project-based rental assistance, minor rehabilitation
- EA: Environmental Assessment
 - Includes new construction, demolition, and major rehabilitation
- EIS: Environmental Impact Statement
 - Typically, an EA is completed first resulting in a Finding of Significant Impact, warranting an EIS
 - However, if significant impacts are anticipated or known early in the planning process, an EIS can be prepared without first completing an EA

The table below shows the Level of Review and Length of Comment Period that is required for each type of Notice:

Table 1. Summary of Required Notices and Public Comment Periods by Environmental Review Level

Type of Notice	Level of Review	Length of Comment Period
Notice of Intent to Request Release of Funds (NOI-RROF)	CEST, EA, and EIS	7 days when published or 10 days when only mailing and posting
Notice of FONSI	EA only	15 days when published or 18 days when mailing and posting
Concurrent or combined notices	EA only	15 days when published or 18 days when mailing and posting

CDBG-DR funding may be conditionally committed pending completion of the environmental review process. The City reserves the right to proceed with, modify, or cancel a project based on the results of the review. A Phase I Environmental Site Assessment may be required as part of this process when potential contamination or environmental risks are identified. Environmental review documentation will be maintained in the project file in accordance with applicable federal recordkeeping requirements.

4.2. NFIP & FLOOD INSURANCE ENFORCEMENT

CDBG-DR funds may be used for projects located within FEMA-designated Special Flood Hazard Areas (SFHAs) provided all applicable federal, state, and local requirements are satisfied, including 24 CFR Part 55 (Floodplain Management), the FFRMS, FEMA guidance, and locally adopted floodplain ordinances

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and building codes. The CLR discourages development within flood hazard areas; however, in limited cases, assistance may be provided where the City grants written approval.

Applicants proposing projects within a floodplain are responsible for:

- Evaluating and proposing feasible measures to avoid or minimize flood risk, including elevation, mitigation, or site alternatives;
- Demonstrating the feasibility of the proposed approach;
- Securing written approval from the City prior to any CDBG-DR funding commitment.

The City, acting as the RE, will ensure compliance with all applicable floodplain and wetlands requirements through the environmental review process in accordance with 24 CFR Part 58 prior to the commitment of funds and commencement of physical work.

4.2.1. Floodplain Compliance and Construction Requirements

CLR requires that all CDBG-DR funded new construction activities include appropriate insurance coverage to safeguard federal investments and ensure compliance with applicable federal requirements. Flood insurance requirements apply specifically to properties located within SFHA, as identified by FEMA. While federal requirements are limited to properties within the SFHA, the City encourages all property owners to consider flood insurance coverage due to the broader risk of flooding.

All projects must also comply with applicable floodplain management standards, including federal regulations under 24 CFR Part 55⁹, FEMA floodplain mapping and guidance, the FFRMS, where applicable, and all state and local floodplain ordinances and building codes. Required elevation, mitigation, and resilience measures must be completed and verified prior to final project closeout.

Projects located within an SFHA must be designed and constructed in accordance with applicable FEMA Flood Insurance Rate Maps (FIRMs), Base Flood Elevation (BFE), required freeboard, and any applicable FFRMS elevation or mitigation requirements. Required elevation, mitigation, and resilience measures must be completed and verified prior to final project closeout.

The completed structure must be eligible for coverage under the [National Flood Insurance Program \(NFIP\)](#), and the community must participate in the NFIP.

4.2.2. Flood Insurance Requirement

For any property located within an SFHA that receives CDBG-DR assistance for repair, reconstruction, or replacement, the homeowner shall obtain and maintain flood insurance coverage in an amount at least equal to the lesser of:

⁹ <https://www.ecfr.gov/current/title-24/subtitle-A/part-55>

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- The total amount of CDBG-DR assistance provided for the structure; or
- The maximum coverage available under the National Flood Insurance Program (NFIP) for the type of structure.

Flood insurance must be maintained for the life of the structure, regardless of transfer of ownership.

Proof of flood insurance coverage must be provided prior to final disbursement of funds and may be required annually during the affordability period.

If a property owner fails to obtain or maintain required flood insurance coverage:

- The property may be deemed in noncompliance with Program requirements;
- The City may initiate enforcement action, including recapture of assistance in accordance with the recorded affordability instrument; and
- The property owner may be prohibited from receiving future federal disaster assistance for flood-related damage to the structure.

4.2.3. Repeat Loss and Federal Assistance Prohibition

In accordance with federal law, including Section 582 of the National Flood Insurance Reform Act of 1994 and subsequent amendments, federal disaster assistance may not be provided for repair, replacement, or restoration of a property located in an SFHA if the owner has previously received federal flood disaster assistance and failed to obtain and maintain required flood insurance coverage. The City will verify prior flood assistance history and insurance compliance as part of eligibility review when applicable.

4.2.4. Elevation and Mitigation Standards

Properties located within a floodplain may be subject to elevation, floodproofing, or mitigation requirements consistent with FEMA regulations, the Federal Flood Risk Management Standard (FFRMS), and applicable local building codes. All floodplain requirements must be satisfied prior to project closeout.

4.3. MINIMIZING DISPLACEMENT AND RELOCATION (URA COMPLIANCE)

CDBG-DR Housing Programs are designed to avoid or minimize displacement to the greatest extent feasible. Consistent with the State's Residential Anti-Displacement and Relocation Assistance Plan (RARAP)¹⁰, the City will prioritize project design strategies that reduce displacement, including

¹⁰ <https://adfa.arkansas.gov/wp-content/uploads/2024/12/Attachment-45-RARAP-ADFA-Final-Residential-Anti-Displacement-Relocation-Assistance-Plan.pdf>

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rehabilitation of occupied housing where feasible, sequencing construction activities to allow continued occupancy, and avoiding demolition or conversion of occupied units whenever practicable.

In accordance with Section 104(d), the City will ensure that lower-income households are protected from displacement resulting from demolition or conversion of LMI dwelling units. Where applicable, the City will comply with one-for-one replacement requirements and provide relocation assistance consistent with Section 104(d) regulations at 24 CFR 42, in addition to any applicable URA requirements. The City will track and document all one-for-one replacement requirements in accordance with 24 CFR Part 42 and ensure replacement units are provided within required timeframes.

If temporary or permanent displacement cannot be avoided, the City will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA¹¹), as amended, and its implementing regulations at 49 CFR Part 24, as well as applicable HUD guidance and 24 CFR 570.606. All displaced persons will be provided relocation assistance at the levels and in the manner required under federal law. Where both URA and Section 104(d) apply, the City will provide the greater level of assistance required under federal law.

All occupants of properties assisted with CDBG-DR funds will receive required written notices informing them of their rights under URA. At a minimum, notices may include a General Information Notice, Notice of Eligibility, Notice of Non-Displacement (when applicable), and any other notices required by federal regulation. No person will be required to move without proper written notice and explanation of available assistance.

The City will provide relocation assistance through a structured process that includes: (1) timely issuance of required notices; (2) eligibility determination in accordance with 49 CFR Part 24; (3) provision of advisory services to support households in understanding their rights and identifying comparable replacement housing; (4) calculation of relocation benefits using federally prescribed methodologies; and (5) timely payment or reimbursement of eligible relocation expenses. All relocation activities will be coordinated by designated City staff or authorized representatives to ensure consistency, compliance, and responsiveness to the needs of displaced persons.

If temporary relocation is necessary to complete construction activities, affected households will be provided temporary relocation assistance consistent with URA requirements and City policy. Temporary assistance may include reimbursement for reasonable out-of-pocket expenses such as moving costs, increased housing costs during the temporary period, and storage, as applicable. Households temporarily relocated will be allowed to return to the assisted property once construction is complete, where feasible and consistent with program requirements.

If permanent displacement occurs, affected tenants or homeowners will be provided relocation assistance in accordance with 49 CFR Part 24. Assistance may include advisory services, moving

¹¹ <https://www.ecfr.gov/current/title-49/part-24>

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expense payments, and replacement housing payments based on the cost of comparable replacement housing for the applicable period required by regulation.

Consistent with the State's RARAP, relocation assistance will be provided as follows:

- Lower-income households displaced as a direct result of CDBG-DR assisted activities will receive relocation assistance in accordance with applicable federal requirements, including URA standards.
- Displaced persons who do not qualify as lower-income households will also receive relocation assistance in accordance with URA and 49 CFR Part 24.

In addition to URA requirements, the City may apply an optional relocation policy in accordance with 24 CFR 570.606(d), when applicable, to address gaps or provide additional assistance not otherwise covered under URA. This policy may provide relocation payments or other assistance to:

- persons displaced by activities not otherwise subject to URA requirements; or
- persons eligible under URA, at levels exceeding minimum federal requirements.

Any optional relocation assistance will be governed by a written policy that is publicly available and applied consistently within each class of displaced persons. The policy will describe the types of assistance available, eligibility criteria, and payment standards, and will ensure that assistance does not result in a DOB and is coordinated with all other sources of disaster assistance and complies with applicable DOB requirements.

Tenants occupying properties assisted with CDBG-DR funds will be protected from involuntary displacement except as permitted under federal law. No tenant may be displaced solely for the purpose of making a property eligible for assistance. The City will ensure that relocation assistance is provided in a timely manner and that displaced persons are treated fairly, consistently, and without discrimination.

The City will maintain complete documentation of all relocation determinations, notices issued, eligibility calculations, and payments made to ensure full compliance with URA and applicable federal requirements.

4.4. LABOR STANDARDS REQUIREMENTS

Construction activities funded under the CDBG-DR Housing Programs are subject to applicable federal, state, and local labor standards. Davis-Bacon and Related Acts (DBRA) requirements apply to residential construction or rehabilitation projects involving eight (8) or more units under a single construction contract. When this threshold is met, contractors and subcontractors must comply with prevailing wage and related labor standards requirements.

When Davis-Bacon applies, contractors must:

- Pay laborers and mechanics no less than the applicable HUD-determined prevailing wage rates

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- Include required labor standards provisions and wage decisions in all bid documents and construction contracts
- Post the applicable wage decision and required notices at the job site
- Submit weekly certified payroll reports using U.S. Department of Labor Form WH-347 (or an approved equivalent)
- Maintain complete and accurate payroll records
- Allow on-site employee interviews and compliance monitoring

Applicable federal labor laws and regulations include:

- Davis-Bacon and Related Acts (40 USC 276a–276a-7)
- Contract Work Hours and Safety Standards Act (40 USC 327–333)
- Copeland (Anti-Kickback) Act (18 USC 874; 40 USC 276c)
- Fair Labor Standards Act of 1938, as amended (29 USC 201 et seq.)

Projects subject to Davis-Bacon may also require overtime compensation in accordance with the Contract Work Hours and Safety Standards Act for hours worked in excess of forty (40) hours per week.

All CDBG-DR construction activities must comply with Section 3 requirements when applicable federal thresholds are met. Contractors must make good-faith efforts to provide employment, training, and contracting opportunities to low- and very low-income persons and eligible business concerns and must submit required Section 3 documentation and reports to the City.

The City will monitor labor standards compliance by:

- Reviewing certified payroll submissions
- Conducting worker interviews
- Verifying wage classifications and rates
- Requiring corrective action or restitution where necessary

Contractors must fully cooperate with City, HUD, and other authorized oversight entities and promptly address any identified deficiencies. Davis-Bacon requirements do not apply to projects utilizing solely volunteer labor or bona fide sweat equity, provided no covered laborers or mechanics are paid under a construction contract.

The CLR provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, gender, sexual orientation, gender identity or expression, national origin, age, disability, genetic information, marital status, or status as a covered

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veteran in accordance with applicable federal, state and local laws. The CLR complies with applicable state and local laws governing nondiscrimination in employment in every work location.

4.5. SECTION 3, ECONOMIC OPPORTUNITY

The CLR will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, and its implementing regulations at 24 CFR Part 75. Section 3 requires that economic opportunities generated by certain HUD financial assistance be directed, to the greatest extent feasible, to low- and very low-income persons and to Section 3 business concerns.

Section 3 requirements apply to housing rehabilitation, reconstruction, and construction projects funded with CDBG-DR when the applicable Section 3 labor hour thresholds are met. The City will determine applicability based on the total amount of HUD financial assistance committed to the project and the projected labor hours.

When Section 3 is triggered, contractors and subcontractors must make best efforts to ensure that:

- A minimum of 25 percent of total labor hours are performed by Section 3 workers; and
- Of those labor hours, at least 5 percent are performed by Targeted Section 3 workers, as defined by HUD regulations.

Section 3 workers include individuals who are low- or very low-income or who reside within the service area or neighborhood of the project. Targeted Section 3 workers include workers employed by a Section 3 business concern or residents of public housing or YouthBuild participants, as defined in 24 CFR Part 75.

Contractors must:

- Document total labor hours and Section 3 labor hours;
- Maintain records supporting worker eligibility;
- Submit required Section 3 reports to the City;
- Cooperate with compliance monitoring; and
- Include Section 3 clauses in applicable contracts and subcontracts.

The City will monitor Section 3 compliance through review of labor hour reports, contractor certifications, and supporting documentation. Failure to comply with Section 3 requirements may result in corrective action, withholding of payment, or other remedies permitted by federal regulation.

This Section supplements and does not replace other applicable federal requirements, including Davis-Bacon labor standards when triggered.

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4.6. CIVIL RIGHTS, ACCESSIBILITY, AND LANGUAGE ACCESS

4.6.1. Fair Housing and Equal Opportunity

The CLR will administer all CDBG-DR programs in a manner that ensures fair housing, equal opportunity, and nondiscrimination. The City is committed to providing disaster recovery assistance in a way that allows all eligible individuals and households to access and benefit from recovery programs without discrimination or unnecessary barriers.

All CDBG-DR activities will be implemented in compliance with applicable federal civil rights laws and regulations, including but not limited to:

- Title VI of the Civil Rights Act of 1964
- The Fair Housing Act (42 U.S.C. 3601–3619)
- Section 504 of the Rehabilitation Act of 1973
- The Americans with Disabilities Act (ADA)
- Age Discrimination Act of 1975
- Executive Order 13166 regarding access for individuals with Limited English Proficiency
- HUD regulations at 24 CFR Part 8 and other applicable federal requirements

No person shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any CDBG-DR program or activity on the basis of race, color, national origin, religion, sex (including gender identity and sexual orientation), disability, familial status, age, or any other protected class under federal law.

All staff, contractors, and partners involved in the administration of CDBG-DR programs must implement policies and procedures in a manner consistent with these civil rights obligations.

4.6.2. Affirmatively Furthering Fair Housing

CLR will administer CDBG-DR programs in a manner that affirmatively furthers fair housing in accordance with the Fair Housing Act and HUD guidance. Affirmatively furthering fair housing requires the City to take meaningful actions to support inclusive communities and expand access to housing opportunities for disaster-impacted residents.

Program allocations, project selection criteria, and administrative procedures are designed to reduce barriers to participation and ensure that disaster recovery resources are accessible to individuals, vulnerable populations, protected classes, and other underserved communities within the Most Impacted and Distressed (MID) areas.

Funding allocations across housing, infrastructure, mitigation, and other recovery activities prioritize investments within MID areas where disaster impacts were greatest. By directing resources to these

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areas, CLR seeks to ensure that recovery assistance reaches residents and neighborhoods that experienced the most significant damage and disruption.

Project selection criteria and program guidelines are structured to promote equitable access to recovery assistance and avoid policies that could unintentionally exclude eligible households or communities. Selection criteria may consider disaster impact, housing damage, and documented community recovery needs to ensure recovery investments address the most critical needs within MID areas.

CLR will periodically review program policies and participation data to ensure that program implementation does not create or perpetuate discriminatory impacts or disproportionate barriers for protected classes or underserved populations.

Reducing Barriers to Participation

Disaster recovery programs must be accessible to the communities most affected by the disaster. CLR will structure program allocations, eligibility requirements, project selection criteria, and administrative procedures in a manner that promotes equitable access to recovery assistance for individuals, vulnerable populations, protected classes, and underserved communities.

To reduce barriers to participation, CLR will implement the following actions:

Targeted Outreach

The City will conduct outreach within MID areas to ensure that disaster-impacted residents are aware of available recovery programs and application opportunities. Outreach will involve collaboration with community organizations, housing service providers, nonprofit partners, and other local institutions that serve vulnerable populations.

Outreach efforts will prioritize engagement with:

- Low- and moderate-income households
- Racial and ethnic minority populations
- Elderly residents
- Individuals with disabilities
- Persons with Limited English Proficiency (LEP)

Outreach activities may include community meetings, informational sessions, partnerships with community organizations, printed materials, and digital communications.

Accessible Application and Intake Processes

CLR will offer multiple methods for application submission and program intake in order to reduce barriers related to transportation, technology access, literacy, or mobility limitations.

Application options may include:

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- Online application portals
- In-person application assistance
- Telephone assistance
- Assistance provided through partner organizations

These options help ensure that eligible residents are able to apply for assistance regardless of technological or physical limitations.

Monitoring Program Access

CLR will periodically review program participation data to assess whether eligible populations are accessing recovery programs equitably. If participation trends suggest barriers for certain groups, the City will evaluate outreach strategies and program procedures and implement adjustments when necessary.

4.6.3. Accessibility for Individuals with Disabilities (Section 504)

CLR will administer all CDBG-DR programs in compliance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act to ensure individuals with disabilities have equal opportunity to participate in and benefit from disaster recovery programs.

Programs will be implemented in the most integrated setting appropriate and will include measures to ensure accessibility of program services.

Accessible Program Administration

Program offices, outreach events, and public meetings will be conducted in facilities that meet accessibility standards. When necessary, reasonable accommodations will be provided to ensure individuals with disabilities can fully participate in program activities.

Examples of accommodations may include:

- Assistance completing applications
- Alternative communication methods
- Additional time for documentation submission
- Accessible meeting arrangements

Accessible Information

Critical program information will be made available in formats accessible to individuals with disabilities upon request. These formats may include large-print materials, screen-reader compatible electronic documents, audio formats, or other communication aids.

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Accessible Housing

Housing programs funded through CDBG-DR may include accessibility improvements when necessary to allow a household member with a disability to safely occupy and use the home.

Accessibility improvements may include:

- Ramps or zero-step entrances
- Widened doorways and hallways
- Accessible bathrooms and showers
- Grab bars and safety features
- Accessible kitchen surfaces and controls

Housing programs supported by CDBG-DR funds will comply with applicable federal accessibility standards where required.

Reasonable Accommodation Requests

Applicants or program participants who require an accommodation due to a disability may request assistance at any time during the application or program process.

Requests may be made verbally or in writing to program staff. Verbal requests will be documented by staff in the applicant's file.

- **Review of Requests:** Program staff will review accommodation requests to determine whether the requested accommodation is necessary to allow the individual to access or participate in the program. If the disability or need for accommodation is not readily apparent, the City may request limited verification from a qualified professional or service provider confirming the need for accommodation. Where practicable, CLR will provide a determination regarding the accommodation request within ten (10) business days of receiving all required information.
- **Approval and Implementation:** Accommodation requests will be reviewed by program staff and approved by the appropriate program supervisor or program manager. When practicable, determinations will be made promptly to avoid delays in program participation. Approved accommodation(s) will be documented and implemented as part of the applicant's participation in the program.
- **Denial of Requests:** If CLR determines that the requested accommodation cannot be granted because it would impose an undue administrative or financial burden or would fundamentally alter the nature of the program, the City will notify the applicant in writing. The denial notice will include: The reason for the denial; Information regarding the applicant's right to request reconsideration or submit an appeal; Contact information for submitting the appeal. Where

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possible, CLR will work with the applicant to identify alternative accommodation that may provide meaningful access to the program.

- Appeals: Applicants may submit a written request for reconsideration of a denied accommodation request within twenty (20) calendar days of receiving the denial notice. CLR will review the appeal and provide a written response within ten (10) business days, where practicable.

Recordkeeping

All requests and determinations related to reasonable accommodations will be recorded in the applicant file and maintained in accordance with program record retention requirements.

Disability Advocacy and Support Resources

Individuals who may need disability-related support, advocacy, or assistance navigating the program application or participation process may contact external advocacy organizations for additional resources.

The City encourages individuals who may benefit from disability-related guidance or advocacy to contact the following organization:

- [Arkansas Inclusive Communities and Advocacy Network \(AR-ICAN\)](#)
- TTY/Relay Services: Arkansas Relay 711

AR-ICAN provides information, advocacy, and support services that may assist individuals with disabilities in accessing housing, community resources, and other services.

Contacting this organization is voluntary and does not affect eligibility for any CDBG-DR program administered by the CLR.

4.6.4. Language Access and Limited English Proficiency

CLR will take reasonable steps to ensure meaningful access to disaster recovery programs for individuals with Limited English Proficiency.

Language assistance services will be provided free of charge and may include:

- Oral interpretation services
- Telephone interpretation services
- Translation of key program materials
- Language assistance during intake and application processes

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The City will evaluate community language needs periodically to determine whether additional translation services are necessary. Minor children or accompanying individuals will not be used as interpreters except in emergency situations.

For assistance in Spanish, call CLR Office of Engagement and Opportunity: 501-565-7233.

4.7. CITIZEN PARTICIPATION

Citizen participation activities are designed to promote transparency, encourage community engagement, and ensure that disaster recovery programs reflect the needs of residents impacted by the March 31, 2023 tornado, particularly those located in the MID areas.

Consistent with HUD CDBG-DR requirements, the City provides opportunities for residents, community organizations, and other stakeholders to participate in the development of the Action Plan, Action Plan Amendments, and other major program decisions. Participation opportunities may include public hearings, public comment periods, community outreach, and public notices distributed through the City's website, social media platforms, and other communication channels.

Citizen participation activities are conducted in a manner that promotes accessibility and inclusive participation. Public meetings and program information are provided in accessible formats when requested, and language assistance services are available for individuals with Limited English Proficiency in accordance with the City's Language Access Plan.

Additional details regarding CLR CDBG-DR Citizen Participation Plan is available on the City's [CDBG-DR website](#).

4.8. FINANCIAL & COMPLIANCE CONTROLS

Financial and compliance controls are designed to ensure that grant funds are used only for eligible activities, expenditures are properly documented and monitored, and program activities are implemented in accordance with HUD regulations and the approved Action Plan.

These controls include financial management procedures, record retention requirements, and monitoring practices that promote transparency, accountability, and effective stewardship of public funds.

4.8.1. Financial Management and Cost Controls

The CLR will administer CDBG-DR funds in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) and applicable HUD regulations.

Financial management procedures governing the administration of CDBG-DR funds are detailed in the CLR CDBG-DR Financial Certification Policies and Procedures Manual, which establishes internal controls for cost allowability, financial oversight, and the timely expenditure of funds.

These procedures include requirements related to:

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- allowable and allocable costs
- cost controls and financial oversight
- monitoring expenditures and project progress
- reporting and reconciliation of grant funds

Key financial management practices include:

Cost Principles and Allowable Costs

All expenditures charged to the CDBG-DR program must comply with federal cost principles under 2 CFR Part 200 Subpart E. Costs must be:

- necessary for the performance of the program
- reasonable and consistent with market conditions
- allocable to an eligible CDBG-DR activity
- properly documented and supported by financial records

Costs that are not eligible or allowable under federal regulations may not be charged to the program.

Cost Controls and Financial Oversight

The City maintains financial oversight through established internal controls and financial management systems. These systems track budgets, expenditures, reimbursements, and financial reporting associated with CDBG-DR activities.

Financial oversight is coordinated between the HNP Department, the Grants Management Division, and the City Finance Department to ensure that expenditures are properly authorized, documented, and reconciled.

All payments must be supported by appropriate documentation, including invoices, contracts, procurement records, and proof of services or deliverables.

Timely Expenditure of Funds

The City monitors expenditure rates and project progress to ensure that CDBG-DR funds are spent efficiently and in accordance with HUD expenditure deadlines.

Program staff track project milestones, financial activity, and performance indicators through internal monitoring processes and financial reporting systems. Expenditures are regularly reviewed to ensure alignment with project timelines and approved budgets.

Where delays or discrepancies are identified, program staff may work with contractors, subrecipients, or project partners to implement corrective actions or adjust project schedules as necessary.

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The CDBG-DR Financial Certification Policies and Procedures Manual is maintained by the Department of HNP and the City Finance Department and is available on the City's [CDBG-DR website](#).

4.8.2. Record Retention and Compliance

The CLR will maintain complete and accurate records sufficient to demonstrate compliance with all CDBG-DR requirements. Documentation must support eligibility determinations, income verification, award calculations, environmental review clearance, procurement actions, construction activities, payment authorization, duplication of benefits analysis, affordability compliance, and project closeout.

In accordance with 2 C.F.R. § 200.334 and 24 C.F.R. §§ 570.502 and 570.506, all records related to CDBG-DR-funded activities shall be retained for a minimum of five (5) years following HUD's formal grant closeout or the termination of a subrecipient agreement, whichever occurs later. If any audit, litigation, claim, monitoring review, or investigation is initiated before the expiration of the retention period, records shall be maintained until all findings are resolved and final action has been taken. The City may require a longer retention period if mandated by federal guidance, state law, or specific grant conditions.

Records may be maintained in electronic and/or hard-copy format. Electronic records shall be stored in approved City systems, including the grant management platform, the City's financial management system, and secure network or document management systems. Electronic documentation must be complete, legible, protected against unauthorized alteration or deletion, backed up in accordance with City information security protocols, and readily retrievable upon request.

HUD, the HUD Office of Inspector General (OIG), the U.S. Government Accountability Office (GAO), and other authorized representatives shall have the right to access, examine, copy, and audit all records related to CDBG-DR activities. This right of access applies to the City, subrecipients, contractors, consultants, and any other entity receiving CDBG-DR funds.

Compliance with recordkeeping requirements is a condition of participation in the Program. Failure to maintain required documentation may result in suspension of payments, repayment of funds, termination of agreements, or other remedies permitted by law.

4.8.3. Monitoring And Compliance

To ensure that CDBG-DR HRP is delivered effectively, compliantly, and in alignment with HUD and CLR requirements, the City conducts regular monitoring of all funded activities. Monitoring helps verify that subrecipients and contractors are meeting program goals, following applicable laws and regulations, and maintaining proper documentation.

1. Monitoring Objectives

Monitoring activities are designed to:

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- Confirm that programs are being implemented as described in the Action Plan and contractual agreements.
- Ensure timely progress and expenditure of funds.
- Verify that costs charged are eligible and properly documented.
- Identify and address any risks of fraud, waste, or mismanagement.
- Support subrecipients and contractors through technical assistance and corrective action when needed.
- Ensure that records are maintained and accessible for compliance verification.

2. Who Is Monitored

- Subrecipients (e.g., nonprofits, public agencies, CBDOs) are subject to full administrative and programmatic monitoring, as they carry out activities on behalf of the City.
- Contractors are monitored primarily through procurement and performance documentation. Once a contract is awarded, most federal administrative requirements do not apply to contractors beyond contract terms.
- City-Implemented Programs are also subject to internal monitoring to ensure compliance with all applicable federal, state, and local requirements.

3. Monitoring Methods

- Desk Reviews are conducted periodically (e.g., quarterly or annually) to review documentation, financial reports, and compliance with contract terms. These reviews may include insurance, bonding, Section 3 plans, EEO documentation, and financial statements.
- On-Site Monitoring is conducted at least once before project closeout to assess performance, verify records, and resolve any issues early.
- Technical Assistance (TA) is provided throughout the grant lifecycle to help subrecipients and contractors understand compliance expectations and improve performance.

4. Follow-Up and Reporting

After each monitoring visit or review:

- A written Monitoring Report is issued within 30 days, outlining any findings, concerns, or observations.
- Subrecipients or contractors have 30 days to respond with corrective actions or clarifications.
- The City will continue follow-up communication until all issues are resolved and compliance is confirmed.

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For each project, all parties must maintain records in accordance with 24 CFR 570.502(a)(7) and 570.506. Monitoring tools and templates are based on HUD's CPD Monitoring Handbook 6509.2.

4.8.4. Mitigation Tracking and Performance Measures

The City will track mitigation and resilience outcomes through project documentation and the DRGR system. Mitigation measures included in housing activities will be identified in scopes of work, construction specifications, inspection records, and cost estimates. When possible, mitigation improvements will be tied to specific construction line items or cost estimates to determine the portion of costs associated with hazard mitigation and resilience.

As projects progress, the City will report applicable mitigation outcomes in DRGR in accordance with HUD requirements. These may include resilience features added to housing units, hazard-risk reduction measures, and other mitigation activities funded through CDBG-DR.

4.9. DUPLICATION OF BENEFITS (DOB)

The CLR follows HUD's standard DOB framework to ensure that federal disaster recovery funds are not used to pay for costs already covered by other sources. This analysis is required for every applicant and subrecipient before CDBG-DR funds are committed.

DOB Framework Components

The DOB analysis evaluates:

1. Verified Need – The total cost of eligible disaster-related recovery needs
2. Assistance Already Received – All sources of disaster-related assistance (e.g., FEMA, SBA, insurance, private aid)
3. Non-Duplicative Expenses – Funds used for eligible costs not covered by CDBG-DR
4. Remaining Unmet Need – The portion of verified need not covered by other sources and eligible for CDBG-DR support

Legal Authority

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155) prohibits individuals, businesses, or entities from receiving financial assistance for any part of a loss that has already been compensated by another source. In accordance with this provision:

- CDBG-DR funds may not be used to pay for costs already covered by insurance, FEMA, SBA, or other federal, state, or private programs
- A DOB occurs when total assistance received exceeds the total verified need

Applicant Responsibilities

To prevent DOB:

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- Applicants must disclose all sources of disaster-related assistance during the application process
- CLR will verify this information using data from FEMA, SBA, NFIP, and other agencies
- Applicants must sign a DOB certification and repayment agreement acknowledging their responsibility to repay any duplicative assistance received after a CDBG-DR award is made

Review and Monitoring

CLR staff will use HUD's DOB Review Worksheet to:

- Assess total verified need
- Identify all sources of assistance
- Exclude non-duplicative funds
- Calculate the final eligible award amount

If a duplication is identified, the applicant may be required to repay the excess or contribute funds to cover the duplicated portion.

Exceptions to DOB Recovery

DOB recovery may be waived in limited cases, including:

- Deceased applicants
- Foreclosure or bankruptcy
- LMI beneficiaries receiving subsequent assistance under \$27,000

Post-Award Monitoring

CLR will monitor recipients annually for three years following the award to ensure no additional duplicative assistance has been received. All DOB documentation will be securely maintained in the project file.

The full DOB standard operating procedures can be found on CLR CDBG-DR Website.

4.10. PROCUREMENT REQUIREMENTS

All procurement activities funded with CDBG-DR assistance shall comply with applicable federal, state, and local procurement requirements, including 2 CFR §§ 200.318–327 and the CLR's formally adopted CDBG-DR Procurement Manual. The City conducts procurement in a manner that ensures full and open competition, avoids conflicts of interest, and promotes the participation of small, minority-, women-, and veteran-owned businesses. Contractors and vendors must not be suspended or debarred from participation in federally funded programs.

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Procurement methods may include micro-purchases, small purchase procedures, Invitations to Bid (ITB), Requests for Proposals (RFP), or other competitive processes consistent with federal requirements and City policy. All contracts must include a clearly defined description of work (DOW) and all required federal provisions, including but not limited to Section 3, Build America Buy America (BABA), and other applicable cross-cutting requirements.

Under the Homeowner Rehabilitation/Reconstruction Program, the City utilizes a direct implementation model. Contractors are procured by the City through competitive processes and assigned to eligible projects. Homeowners do not independently procure or select contractors.

Change orders, inspections, progress payments, and final payments are administered in accordance with the City's adopted procurement and construction management procedures. All work is subject to inspection prior to payment authorization.

Contractors are responsible for warranty obligations as defined in their executed contract with the City.

These requirements apply to the City and any subrecipient or partner conducting procurement with CDBG-DR funds. For detailed procedures, thresholds, and internal processes, reference is made to the CLR CDBG-DR Procurement Manual, which is incorporated herein by reference and available on the [CLR CDBG-DR official website](#).

5. PROGRAM OVERVIEW

5.1. PURPOSE OF THE HOMEOWNER REHABILITATION/RECONSTRUCTION PROGRAM (HRP)

The March 2023 tornado caused extensive damage to housing across the CLR. FEMA inspections identified more than 140 residences with Major-Low or greater damage, resulting in significant unmet recovery needs. The HRP addresses these needs by providing eligible households with assistance to repair, rehabilitate, reconstruct, or replace their homes, or to reimburse eligible costs for repairs, rehabilitation, or reconstruction incurred prior to applying for CDBG-DR assistance.

All homes repaired, rehabilitated, reconstructed, or replaced under this program incorporate mitigation measures designed to reduce vulnerability to future weather events.

The HRP includes the following housing assistance activities:

- **Rehabilitation or reconstruction of housing units** including single-family, small rental, and multi-family properties damaged by a qualifying storm. Activities include bringing units into compliance with applicable building codes and incorporating mitigation measures, such as elevation, to reduce future storm impacts.
- **Reimbursement of eligible expenses** incurred for repair, rehabilitation, or reconstruction.

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- **Temporary housing assistance**, based on individual homeowner or tenant needs and participation in the HRP.
- **Reimbursement eligibility** requires that all eligible work be completed within two years of the grantee's initial Applicable Allocation Notice (AAN) date for the disaster or the applicant's date of application, as applicable.

5.2. ELIGIBLE ACTIVITIES

Eligible activities are specific to each program but generally include:

- Reconstruction/Rehabilitation of Existing Housing
- Reimbursement of Disaster Recovery expenses for homeowners
- Demolition and clearance of blighted structures
- Residential buyout and relocation
- Acquisition of real property

All activities are authorized under the Housing and Community Development Act (HCDA) Sections 105(a)(1), 105(a)(4), and 105(a)(7), 24 CFR 570.201 and 24 CFR 570.202, and applicable federal guidance, waiver, or alternative requirement. In addition, activities must demonstrate tie-back to the March 31, 2023, tornado and address an unmet housing need.

5.3. INELIGIBLE ACTIVITIES

Activities that are not allowed under these Housing Programs include:

- Work not related to tornado damage or unmet housing needs
- Luxury upgrades or additions not required for safety or code compliance
- Reimbursement for costs already covered by insurance, FEMA, SBA, or other sources
- Activities outside the MID area
- Projects that do not meet a HUD National Objective
- Development of units that are not residential or not intended for long-term occupancy
- Delinquent property taxes
- Fees or charges on properties that are the result of the seller
- Refinancing a property
- Purchase of property inherited by the Applicant or any property where the Applicant is part-owner

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- Finance acquisition of second homes and investment properties
- Acquisition of bonds or stock

Only activities and costs permitted under Title I of the Housing and Community Development Act (42 U.S.C. § 5301 et seq.), authorized through applicable HUD Federal Register Notices, or approved by HUD through a formal waiver are eligible for CDBG-DR funding. Costs that are prohibited under 24 C.F.R. §§ 570.207 or 570.482(e), or that do not comply with the federal cost principles at 2 C.F.R. Part 200, are not allowable. All expenditures must also meet the allowability standards set forth in 2 C.F.R. Part 200, Subpart E, including requirements that costs be necessary for the program, reasonable in amount, and properly allocable to the approved activity. These standards ensure disaster recovery funds are used only for eligible, compliant recovery purposes.

5.4. PROGRAM STANDARDS

The CLR's CDBG-DR Housing Rehabilitation Program provides assistance to eligible homeowners and owners of small rental properties to address disaster-related damage. Assistance is designed to restore housing to decent, safe, and sanitary conditions and to meet applicable federal, state, and local requirements. The type and level of assistance provided is determined by the extent of damage, feasibility of repair, and compliance with program standards.

Determination of Repair or Replacement

- Rehabilitation assistance may be provided when the damaged structure can reasonably be repaired to meet program standards.
- Replacement will be considered only when repair is not feasible or cost-effective.
- Replacement of Mobile or Manufactured Housing Units (MHUs) is permitted only when:
 - Allowed under local zoning and building requirements; and
 - Permitted under applicable federal requirements, including environmental regulations.
- When replacement of an MHU is approved:
 - The maximum replacement size allowed under the Program is a double-wide MHU.
 - Triple-wide or larger MHUs will not be replaced with units of equivalent size.
 - Standard floor plan options will be offered.
 - The damaged structure must be demolished and removed from the site prior to installation of the replacement unit.
 - Replacement unit size and configuration will be determined by the Program using documentation of the damaged unit's square footage and layout.

Construction Standards and Quality of Materials



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- The Program does not provide like-for-like replacement or restoration to pre-disaster condition.
- Construction materials and finishes are limited to economy-grade or standard-grade products that meet program requirements.
- All assisted structures must comply with:
 - Local zoning and building codes
 - Program construction standards
 - HUD Decent, Safe, and Sanitary (DSS) standards
 - Housing Quality Standards (HQS), where applicable

Appliances and Ineligible Items

- Standard household appliances may be replaced only if they are not functioning at the time of inspection, including:
 - Refrigerator
 - Stove and/or oven
- Replacement appliances must:
 - Be standard quality (not luxury grade)
 - Be EnergyStar® rated, if available
- The Program does not fund luxury or non-essential items, including but not limited to:
 - Granite or other high-end countertops
 - High-end or premium appliances
 - Stone or specialty flooring
 - Garage door openers
 - Security or alarm systems
 - Swimming pools
 - Fences
 - Television satellite dishes
- Washing machines and dryers are **not eligible** for replacement.

Eligible Rehabilitation and Repair Costs

Eligible costs may include, but are not limited to, expenses necessary to repair, stabilize, or reconstruct the damaged residence, including:

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- Structural repairs (e.g., roof, foundation, electrical, plumbing, windows)
- Limited debris removal required to access the home or repair areas
- Mold remediation
- Labor, materials, and equipment rental required for eligible repairs, including:
 - Flooring
 - Cabinetry
 - Fixtures
 - Doors
 - Walls and ceilings
- Demolition associated with approved repair or replacement activities
- Utility-related improvements, including:
 - Installation or repair of wells
 - Septic systems
 - Electrical service
 - HVAC systems
 - Plumbing
- Site-related work, including:
 - Grading or leveling of property
 - Tree or shrub removal when access is blocked or a safety hazard exists
 - Rental of disposal and removal equipment (e.g., dumpsters, backhoes)
- Specific allowable items may include:
 - Tarps
 - Building supplies
 - Siding
 - Sewer or septic components
 - Paint
 - Weatherstripping
 - Water heaters

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- Other reasonable costs directly associated with repairing, stabilizing, or reconstructing the property.

Energy Efficiency, Resilience, and Environmental Health

The Program may include cost-effective improvements that enhance energy efficiency and resilience, provided they comply with local code, DSS, and HQS requirements. Eligible improvements may include:

- Elevation or protection of major electrical components
- Roof strapping and similar structural improvements
- Ventilation and energy-efficiency items such as ceiling fans, window screens, and screen doors when missing or not functional

Environmental health and safety requirements will be addressed as necessary, including:

- Lead-based paint testing, mitigation, or stabilization in compliance with 24 C.F.R. Part 35
 - For properties that are fully replaced or reconstructed, lead-based paint hazards are presumed eliminated through demolition.
- Asbestos testing, mitigation, or encapsulation
- Mold testing and remediation
- Radon testing and installation of mitigation systems when required

Historic Preservation, Accessibility, and Floodplain Compliance

- Activities are subject to Section 106 of the National Historic Preservation Act when applicable.
- Accessibility requirements will be evaluated in accordance with Section 504 of the Rehabilitation Act of 1973.
 - Where documented need exists, reasonable accessibility features may be installed, including:
 - Ramps
 - Widened doorways
 - Level entries
 - Grab bars
 - Rental property owners who commit to serving elderly or people with disabilities may qualify for accessibility improvements when intent and need are documented prior to approval.
- In flood-prone areas:

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- Residential structures receiving assistance for new construction, substantial damage repair, or substantial improvement will be elevated at least two (2) feet above the Base Flood Elevation (BFE), or higher if required by local ordinance.
- Elevation certificates will be obtained when required.
- Elevation activities will not be performed as standalone measures unrelated to disaster-related repairs.

Life Safety and Additional Eligible Costs

- All electrical components must be inspected, including service, meter, wiring, and fixtures, even when electrical work is not otherwise included in the approved scope.
 - Unsafe components must be replaced.
 - Exposed wiring, switches, and fixtures in living areas must be properly enclosed.
- All homes must be equipped with smoke detectors and carbon monoxide detectors installed in accordance with applicable code requirements.
- Additional related costs may be included when necessary to complete an eligible project, including:
 - Green building measures
 - Mitigation requirements
 - Insurance-related costs
 - Accessibility modifications
 - Repair or replacement of water, sewer, and utility connections

5.5. APPLICANT ELIGIBILITY REQUIREMENTS

Eligibility requirements are established to ensure that CDBG-DR housing assistance is provided only to eligible households and properties with documented unmet needs directly attributable to the March 31, 2023, tornado event. All housing activities funded under this program must comply with applicable HUD requirements, including income qualification, property eligibility, documentation standards, and long-term compliance obligations.

This section establishes the framework used by the CLR to determine who may receive housing assistance and what properties may be assisted using federal disaster recovery funds. Eligibility determinations are designed to ensure that limited resources are directed to disaster-impacted households, that assistance is administered in a fair and consistent manner, and that all funded activities meet federal, state, and local requirements.

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5.5.1. Eligible Applicants

The CLR's CDBG-DR Housing Rehabilitation Program provides assistance to eligible homeowners and owners of rental properties impacted by the qualifying disaster. All applicants must meet the eligibility requirements outlined below. Meeting these requirements does not guarantee funding, as available resources are limited and applications may be prioritized in accordance with HUD requirements and the City's HUD-approved Action Plan.

General Eligibility Requirements (All Applicants)

To be eligible for assistance, all applicants, whether homeowners or rental property owners, must meet the following criteria:

- The property must have sustained unrepaired damage directly caused by the declared disaster for which CDBG-DR funds were allocated.
- The property must be located within the CLR, which HUD has designated in its entirety as a MID area under the approved Action Plan.
- The applicant must establish clear legal ownership of the property and provide documentation acceptable to the City.
- The property must be environmentally eligible and feasible for rehabilitation, reconstruction, or replacement as determined through the federally required environmental review process. No assistance may be committed prior to environmental clearance.
- The applicant must be current on property taxes or enrolled in an approved repayment plan at the time assistance is approved.
- The applicant must be current on any mortgage secured by the property or participating in a documented repayment, forbearance, or loss mitigation agreement.
- The property must maintain hazard insurance, unless the lapse was directly caused by the disaster and approved by the City on a case-by-case basis.
- Properties located in a Special Flood Hazard Area (SFHA) must obtain and maintain flood insurance in accordance with federal law prior to assistance and for the duration required by HUD.
- The applicant must comply with all DOB requirements and demonstrate remaining unmet need in accordance with Section 312 of the Stafford Act and the City's adopted DOB policy.
- The applicant must not be debarred, suspended, or otherwise excluded from participation in federally funded programs pursuant to 2 C.F.R. Part 180.
- The applicant must comply with all applicable federal, state, and local laws, including fair housing and nondiscrimination requirements.

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All eligibility determinations will be documented in the City's grant management system and supported by verifiable source documentation.

Homeowner Eligibility Requirements

In addition to the general eligibility requirements, applicants seeking assistance as homeowners must meet the following conditions:

- The damaged property must have been the applicant's principal residence at the time of the disaster.
- The homeowner must occupy, or demonstrate intent to reoccupy, the property as their principal residence upon completion of the assisted work.
- The property may not be used as a second home, vacation home, or seasonal residence.
- The homeowner must be eligible to receive federal public benefits in accordance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
- The homeowner must demonstrate remaining unmet need after accounting for all other disaster-related assistance received.

For homeowner rehabilitation or reconstruction activities, assistance will be subject to a ten (10) year affordability period as set forth in Section [Affordability and Recapture]. During this period, the property must remain the homeowner's principal residence and comply with Program requirements.

Rental Property Owner Eligibility Requirements

Applicants seeking assistance as owners of rental properties (small rental and multi-family) must meet the general eligibility requirements and the following additional criteria:

- The applicant must be the legal owner of record and authorized to enter into binding agreements with the City.
- The rental property must be intended for long-term residential occupancy and not for short-term, seasonal, or transient use.
- The applicant must have owned the property at the time of the disaster event, unless otherwise permitted by Program guidelines.
- All units included in an application must be vacant at the time of application submission. Tenants may not be displaced or evicted in order to qualify for assistance.
- The owner must comply with all affordability, reporting, tenant income verification, and monitoring requirements applicable to rental activities under the Program.

Ineligible Applicants

The following applicants or properties are not eligible to receive assistance under the CLR's CDBG-DR Housing Rehabilitation Program:



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- Applicants who cannot establish legal ownership of the property.
- Applicants who are ineligible to receive federal public benefits under PRWORA or other applicable federal law.
- Individuals or entities that are debarred, suspended, or otherwise prohibited from participating in federally funded programs.
- Properties located outside the CLR, unless expressly authorized by HUD.
- Properties used primarily as second homes, vacation homes, or seasonal residences.
- Applicants who fail to obtain or maintain required flood insurance after receiving prior federal disaster assistance, consistent with federal flood insurance requirements.
- Rental property owners who fail to meet affordability or occupancy requirements established by the Program.
- Applicants who fail to satisfy any eligibility requirement set forth in this manual or applicable Program policies.

Prioritization and Limited Funding

Meeting eligibility requirements does not guarantee funding. The City may prioritize eligible applications based on factors such as severity of damage, verified unmet need, vulnerability of occupants, affordability outcomes, geographic distribution, and the need to meet HUD obligation and expenditure deadlines, consistent with the HUD-approved Action Plan and Program guidelines.

5.5.2. Eligibility Determination and Application Process

All applicants will first undergo a Pre-Eligibility Review to determine whether they may qualify to move forward under the CLR CDBG-DR Program requirements and the HUD-approved Action Plan. During this stage, the City reviews pre-screen responses and initial documentation. Pre-eligibility is not a final approval of assistance. Applicants must provide complete, accurate, and truthful information regarding household composition, income, citizenship or eligible status, disaster impact, property ownership, and any other eligibility criteria. Failure to provide accurate information may result in delays, denial of assistance, or recapture of funds. Any suspected misrepresentation or omission will be referred to the Program Director for review and appropriate action.

Applicants who pass pre-eligibility will proceed to Application Intake and Document Review, during which additional documentation is submitted so the City can conduct a full eligibility assessment. Once a complete application file is received, the City will perform an Eligibility Determination to confirm income eligibility, property eligibility, disaster tie-back, duplication of benefits compliance, and adherence to all applicable program requirements.

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Applicants determined eligible will receive an Eligibility Notice by email or postal mail, as requested during intake. The notice will confirm eligibility and outline next steps in the process. Eligibility determinations are valid for ninety (90) days unless otherwise extended by the City for good cause.

If at any point during pre-eligibility, full eligibility review, or subsequent program phases an applicant is determined to be ineligible, the City will issue a Denial Notice explaining the specific reason(s) for the determination and providing instructions for appeal. Applicants may submit a written appeal within twenty (20) calendar days from the date of the notice. Appeals will be reviewed in accordance with the Program’s Reconsideration and Administrative Review procedures outlined in these Guidelines.

The City reserves the right, at its sole discretion, to accept applications on a rolling or phased basis in order to manage program capacity, funding availability, and administrative resources.

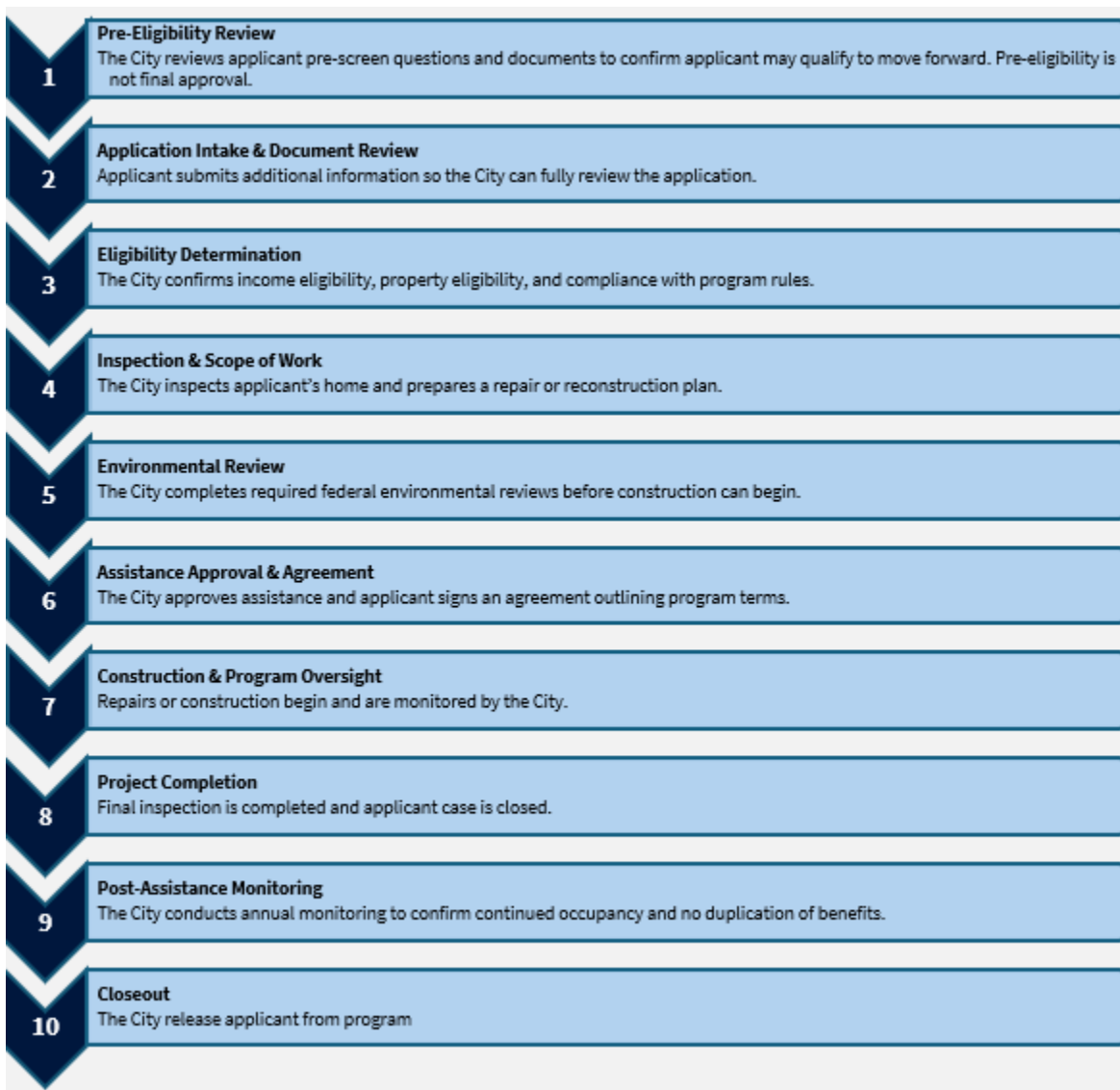


Figure 3. Application Process Flow Chart

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5.5.3. Applicant Eligibility Requirements

To qualify for assistance under the CLR CDBG-DR Housing Programs, applicants must meet all applicable eligibility requirements established by the HUD-approved Action Plan and governing federal regulations. All eligibility determinations will be documented in the City’s grant management system and supported by verifiable source documentation. Failure to provide required documentation or submission of incomplete or inaccurate information may result in processing delays, denial of assistance, or recapture of funds.

Table 2. Eligibility Summary Table

Requirement	Standard	Documentation Required
Applicant Identification	Primary applicant(s) and all household members must establish identity.	Government-issued photo ID (required for primary applicant); birth certificate or other acceptable documentation for household members.
Citizenship / Lawful Presence	Primary applicant must be eligible to receive federal public benefits under PRWORA.	U.S. Passport, Birth Certificate, Naturalization Certificate, Citizenship Certificate, or other lawful presence documentation.
Residency at Time of Disaster	Property must have been the applicant’s principal residence on March 31, 2023.	Two documents dated within six months of disaster (utility bill, mortgage statement, bank statement, insurance record, tax return, etc.) reflecting damaged property address.
Disaster Tie-Back	Damage must be directly attributable to the March 31, 2023 tornado (DR-4698).	FEMA determinations, insurance adjuster reports, inspection reports, engineer assessments, photographs, or displacement documentation.
Ownership (Homeowner Programs Only)	Applicant must have owned and occupied the property at time of disaster.	Recorded deed, mortgage statement, probated will, court order, title (for manufactured housing), or state ownership certificate.
Income Eligibility	Household income must meet HUD limits and program thresholds.	Tax returns, pay stubs (3 months), W-2s, benefit letters, bank statements, profit and loss statements, rental agreements, unemployment letters, court orders, or Certification of No Income.
Duplication of Benefits (DOB)	Applicant must demonstrate unmet need after accounting for all disaster assistance.	Insurance policy, claim information, FEMA award letter, SBA award letter showing structural vs. contents payments and net claim amount.
Insurance Requirements	Required insurance must be maintained on assisted property.	Hazard insurance; flood insurance for properties in SFHA.

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Requirement	Standard	Documentation Required
Additional Documentation (If Applicable)	Required based on household composition or legal status.	Birth certificates for minors, disability verification, Power of Attorney documentation.

5.5.4. Primary Residence and Timing Restrictions

To be eligible for HRP assistance, the applicant must have owned and occupied the home as their primary residence at the time of the qualifying disaster (DR-4698) and must retain an ownership interest at the time of application.

Applicants who purchased or moved into the damaged property after the qualifying storm are not eligible for HRP assistance.

The City will verify primary residence using documentation that may include, but is not limited to, property tax records, utility statements, FEMA award letters, and homeowners’ insurance claim documentation.

5.5.5. Long-Term Rental Use and Compliance Requirements

For any property receiving assistance under the City’s CDBG-DR rental housing activity, the applicant must demonstrate that the unit will be operated as long-term residential rental housing. Units may not be used for vacation rentals, seasonal occupancy, short-term leasing, or transient lodging.

If the unit is not currently leased at the time of award, the owner must certify in writing that the property will be marketed and leased as long-term rental housing upon completion of repairs, reconstruction, or replacement. This certification will become part of the grant agreement.

To ensure continued compliance, the City will require the execution and recording of a legally enforceable instrument, such as a deed restriction, land use covenant, or similar recorded agreement. This instrument will require the property to remain in long-term residential rental use for the full affordability period and will include applicable rent and occupancy requirements.

During the affordability period, the property owner must:

- Lease assisted units only to income-eligible households as defined by Program requirements;
- Maintain rents in compliance with applicable HUD and Program limits;
- Comply with all federal Fair Housing and nondiscrimination requirements; and
- Maintain documentation sufficient to demonstrate ongoing compliance.

The City will monitor compliance throughout the affordability period. Owners will be required to submit annual rent rolls, current lease agreements, and tenant income documentation for each

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assisted unit. The City may request additional documentation or conduct on-site monitoring to verify occupancy, rent levels, and adherence to program requirements.

Failure to maintain long-term rental use, comply with rent restrictions, or provide required documentation may result in enforcement action, including repayment of assistance in accordance with the terms of the recorded agreement.

5.6. PROPERTY ELIGIBILITY REQUIREMENTS

1. Location

Eligible properties must be located within the CLR, which HUD has designated in its entirety as a MID area under the approved CDBG-DR Action Plan for DR-4698.

Properties located outside the municipal boundaries of the CLR are not eligible unless expressly authorized by HUD.

All projects must address unmet housing needs resulting from the March 31, 2023 tornado (DR-4698) and must demonstrate a direct tie-back to disaster-related damage.

Properties located within a Special Flood Hazard Area (SFHA) or subject to the Federal Flood Risk Management Standard (FFRMS) are eligible provided they comply with all applicable environmental review, elevation, mitigation, and flood insurance requirements.

2. Eligible Structures (Property Type)

Eligible structures under the HRP include residential properties damaged or destroyed by DR-4698, as determined by the Program. Eligible structures may include, but are not limited to:

- Single-family residences
- Duplexes
- Condominiums
- Mobile homes / manufactured housing units
- Small rental or multi-family housing units may also be eligible under the HRP when permitted by Program design and guidelines

Modular homes are eligible provided they are permanently affixed to a foundation and classified as real property.

Manufactured housing units are eligible if the applicant owns the land on which the unit is located or has a legally documented and acceptable ownership interest.

Condominiums and other shared-wall structures may be eligible on a case-by-case basis, provided:

- The unit meets Program ownership and occupancy requirements;

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- The proposed work is allowed under applicable association or HOA rules;
- Any required written consent from the association is obtained for work affecting shared walls, roofs, or common elements;
- Assistance is limited to the eligible residential portion of the unit.

Mixed-use properties may be eligible only if more than fifty-one percent (51%) of the structure is residential and compliant with applicable zoning, code, and Program requirements. Assistance will be limited strictly to eligible residential portions of the property.

A maximum of four (4) residential units on a single parcel may be considered, subject to local zoning and code requirements.

Only those units constructed under valid permits issued by the appropriate code compliance authority will be considered for assistance. Where required, surveys, subdivision, or title corrections must be completed prior to assistance. Responsibility for such actions may rest with the applicant unless otherwise permitted by Program guidelines.

3. Ineligible property types/uses include:

- Second homes
- Vacation homes
- Seasonal residences
- Short-term rental properties
- Properties that were not the primary residence of the owner, tenant, or occupant at the time of the disaster and/or at the time of application (as applicable)
- Non-residential or primarily commercial structures
- Common areas such as clubhouses, recreational facilities, administrative buildings, or similar non-dwelling structures

4. Property Condition and Feasibility

Rehabilitation or Rehabilitation or reconstruction under CDBG-DR must:

- Be necessary to address verified damage caused by DR-4698;
- Demonstrate clear disaster tie-back;
- Address unmet housing need;
- Be cost reasonable and supported by inspection and cost analysis;
- Be technically feasible and structurally sound;

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- Be capable of meeting applicable local building codes, housing quality standards, and mitigation requirements upon completion.

The City will conduct or procure a comprehensive inspection to develop a Damage Repair Valuation (DRV) and determine eligible DOW.

If rehabilitation is determined to be infeasible or not cost-effective, reconstruction may be considered, subject to Program caps and environmental clearance.

For reimbursement activities:

- Eligible repairs must have been completed within the timeframe specified in the HUD-approved Action Plan;
- All disaster-related repairs must be fully completed prior to application for reimbursement;
- Costs must be documented and verified;
- Assistance will be reduced by any duplication of benefits identified.

All projects are subject to environmental review under 24 CFR Part 58. No physical work or commitment of funds may occur prior to environmental clearance.

Properties that cannot meet applicable code requirements, floodplain standards, or environmental conditions may be deemed infeasible and ineligible for assistance.

5. Ineligible Applicants and Properties

Applicants or properties are ineligible if:

- Damage is unrelated to the March 31, 2023 tornado (DR-4698);
- Required documentation cannot verify ownership, occupancy, income, or disaster-related damage;
- The property is located outside the designated MID area;
- The applicant has been fully compensated for eligible repairs by other sources and no unmet need remains;
- The structure is abandoned and there is no clear legal path to ownership;
- Proposed work consists primarily of non-disaster-related upgrades or improvements;
- Required contractors are not properly licensed and insured in accordance with applicable law.

5.7. HUD INCOME LIMITS

The CLR HRP applies HUD household income limits to determine eligibility for program assistance. HUD publishes these limits annually, based on Area Median Income (AMI) for each county and

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household size. The HRP uses the HUD income limits in effect at the time an applicant's income is verified or recertified.

These limits determine household eligibility for the Program's LMI Housing National Objective. Program staff will update the applicable income tables each year following HUD's publication of updated limits. All income determinations apply the limits effective on the date the applicant's income is verified. The HRP will not retroactively recalculate eligibility for applicants previously approved under earlier HUD limits.

HUD income limits can be accessed here: <https://www.huduser.gov/portal/datasets/il.html>

While eligibility for the HRP is based on households earning up to 80% of AMI, the Program uses HUD's Fair Market Rent (FMR) rates to establish maximum allowable rents for assisted units, ensuring compliance with the LMH National Objective.

5.7.1. Income Determination

Income eligibility shall be determined prior to award of assistance. Household income will be calculated using one of the following HUD-acceptable methods, as established in Program policy:

- Annual (Part 5) income methodology;
- Adjusted gross income as defined for federal income tax purposes; or
- Another HUD-approved method permitted under applicable waivers.

All adult household members must disclose income sources, and sufficient third-party documentation must be collected to support the income determination. Documentation may include pay statements, tax returns, benefit letters, bank statements, or other verifiable records.

Income documentation must be current at the time of eligibility determination and maintained in the official program file.

5.7.2. Timing of Income Verification

Income eligibility must be confirmed prior to execution of the grant agreement. If assistance is not closed within the timeframe established by Program policy, the City may require updated income documentation to confirm continued eligibility prior to disbursement of funds.

5.7.3. Ongoing Compliance

For homeowner-assisted properties subject to an affordability period, the assisted property must remain the homeowner's principal residence for the duration of the affordability term.

The City will maintain documentation sufficient to demonstrate that:

- The assisted household met LMI requirements at the time of award;

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- The property qualified as the applicant’s principal residence; and
- Any ongoing occupancy certifications required during the affordability period are retained in the program file.

5.8. LAYERING

Layering is the combining of other federal resources on a CDBG-DR-assisted development that results in an excessive amount of subsidy for the development. Such activity is prohibited. The CLR will analyze proposals/applications to ensure that only the minimum amount of assistance is allocated to the development.

5.9. AFFORDABILITY PERIOD

All assistance provided through the CLR CDBG-DR HRP shall be in the form of a grant subject to an affordability period. The length of the affordability period shall be based on the total amount of CDBG-DR assistance provided to the property, as follows:

Total CDBG-DR Assistance	Affordability Period
\$15,000 or less	5 years
\$15,001 – \$50,000	7 years
Over \$50,000	10 years

The affordability period shall begin upon completion of construction, as evidenced by final inspection approval and, where applicable, issuance of a Certificate of Occupancy or other required occupancy authorization.

Grant forgiveness shall occur on a straight-line basis over the applicable affordability term. Each full year of compliance results in forgiveness of an equal portion of the original grant amount. Forgiveness shall be considered complete at the conclusion of the affordability period, provided the homeowner remains in full compliance with all Program requirements.

Recorded Affordability Instrument and Recapture

Prior to final disbursement of funds, the homeowner must execute a Promissory Note and Mortgage, Deed of Trust, Deed Restriction, or other legally binding instrument as determined by the City. The instrument shall be recorded against the property and shall remain in effect for the duration of the applicable affordability period.

The recorded instrument shall require that the assisted property:

- Remain the homeowner’s principal residence;
- Not be converted to rental, commercial, or short-term rental use;

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- Not be transferred without written approval of the City;
- Remain insured in accordance with Program requirements; and
- Remain in compliance with all material Program conditions.

Recapture Requirements

If, during the affordability period, the property is sold, transferred, converted to rental use, no longer used as the homeowner's principal residence, abandoned, or determined to be in material noncompliance with Program requirements, the City shall recapture the remaining unforgiven portion of the assistance.

The amount subject to recapture shall be limited to the remaining unamortized portion of the original grant assistance and shall not exceed the net proceeds available from the sale of the property. Net proceeds are defined as the sales price less superior loan repayment amounts and customary closing costs.

The net proceeds limitation shall not apply in cases involving fraud, material misrepresentation, or intentional misuse of funds, in which case the City may pursue full recovery of the assistance amount as permitted by law.

Exceptions

The City may consider written requests for exception to recapture in cases of:

- Death of the homeowner;
- Divorce or court-ordered transfer;
- Documented hardship;
- Involuntary transfer such as foreclosure;
- Other circumstances determined by the City to warrant consideration.

All exceptions must be documented and approved in writing.

Completion of Affordability

Upon expiration of the applicable affordability term and verification of compliance, the City shall issue written confirmation of grant completion and release the recorded affordability instrument.

5.10. MAXIMUM AMOUNT OF ASSISTANCE PER BENEFICIARY

The CLR has established maximum assistance limits for housing rehabilitation and reconstruction activities funded under the CDBG-DR Program. These limits are intended to ensure disaster recovery funds are used in a cost-effective and equitable manner while addressing verified damage, unmet housing needs, and applicable federal, state, and local requirements. All assistance amounts are subject to the limitations set forth in the HUD-approved Action Plan and this Program Manual.

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Total funding available for housing activities is defined in the City's HUD-approved CDBG-DR Action Plan and may be adjusted through a formal Action Plan amendment, subject to HUD approval, based on program demand, verified unmet need, and available funds.

2. Housing Rehabilitation Program (HRP) – Owner-Occupied Units

Maximum Assistance per Household

- The maximum amount of assistance available under the HRP for an eligible owner-occupied household is \$350,000 per household.
- This cap includes all eligible costs necessary to complete the approved DOW, including rehabilitation, reconstruction, mitigation, elevation, and required compliance activities.
- Assistance provided for the reimbursement of eligible, disaster-related repair costs incurred prior to application approval is capped at \$50,000 per household.
 - Reimbursement assistance is counted separately from the HRP construction assistance cap and must meet all program eligibility and documentation requirements.

Exceptions to HRP Maximum Assistance

The CLR may approve assistance amounts above the standard HRP maximum on a case-by-case basis when necessary to address documented health and safety hazards, comply with applicable federal or state requirements, or provide reasonable accommodations for persons with disabilities. Any approved exception must be fully documented, justified, and approved in accordance with City procedures and applicable HUD requirements.

Circumstances Under Which Exceptions May Be Approved

Exceptions to the HRP assistance cap may be approved if the standard amount is insufficient to complete repairs addressing health, safety, regulatory, or accessibility needs identified during inspection, environmental review, or construction. Circumstances justifying an exception include, but are not limited to:

Lead-Based Paint Hazards

If a unit assisted through rehabilitation was constructed prior to 1978, the property will be evaluated for the presence of lead-based paint hazards in accordance with applicable federal regulations. When lead hazards are identified, required hazard reduction or abatement activities will be incorporated into the DOW for rehabilitation. Because lead hazard reduction may involve significant costs, the City may approve assistance above the HRP cap when necessary to eliminate the hazard and comply with federal lead-based paint requirements.

Asbestos Hazards

Units may also be evaluated for the presence of asbestos-containing materials during the inspection or environmental review process. When asbestos hazards are identified and remediation is required to

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safely complete rehabilitation or reconstruction activities, asbestos mitigation or removal will be incorporated into the project DOW. If the cost of asbestos remediation causes the project cost to exceed the HRP cap, the City may approve an exception when the remediation is necessary to address a documented health or safety risk.

Accessibility and Reasonable Accommodation

The City may approve assistance above the cap if needed for accessibility requirements or reasonable accommodations for a person with a documented disability.

Unforeseen Construction Conditions

During construction, previously unknown structural deficiencies or code compliance issues may be identified that were not visible during the initial inspection. If these conditions must be addressed in order to complete the rehabilitation or reconstruction in a safe and code-compliant manner, the City may approve an exception to the HRP cap.

Evaluation of Exception Requests

An exception request may be initiated by program staff, inspectors, construction managers, contractors, or the applicant when it is determined that the standard program cap is insufficient to address required health, safety, accessibility, or regulatory compliance issues.

Program staff will review supporting documentation and evaluate whether the additional assistance is necessary and reasonable. The evaluation will consider:

The nature and severity of the identified condition

- Whether the work is directly related to addressing the documented issue
- Whether the requested DOW is required to meet applicable regulations or safety standards
- Whether the costs are reasonable and consistent with local market conditions
- Comparison of costs to contractor bids, independent cost estimates, or industry cost standards
- Whether the requested exception represents the minimum amount necessary to address the condition

Approval Process

If program staff determine that the exception request is necessary and reasonable, the request will be submitted to the Program Director or other authorized City official for review and approval prior to construction authorization.

Documentation and Recordkeeping

All approved exceptions must be documented in the project file. Documentation will include the justification for the exception, supporting inspection or environmental reports, cost estimates, and

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written approval by the authorized City official. Records will be maintained in accordance with federal recordkeeping requirements and will be available for monitoring, audit, or compliance review.

3. Small Rental Housing and Multi-Family Rehabilitation and Reconstruction

Per-Property Award Limits

For eligible owners of small rental properties, assistance is capped on a per-property owner basis and applies to the total cost of assistance for each assisted structure. Award caps include all eligible costs associated with repair, reconstruction, or replacement. The maximum award is \$350,000 per household.

Unit and Parcel Limitations

To avoid concentration of Program resources and ensure equitable access to assistance, the following limits apply unless an exception is approved in accordance with Program procedures:

- An applicant may receive assistance for no more than eight (8) rental units in total under the Program.
- No more than four (4) units assisted may be located on a single parcel.
- Only one application per parcel will be accepted for consideration.

Application Review Sequencing

To support equitable distribution of funds, the Program will review applications in the following order:

- One application per applicant, covering up to four (4) units, will be reviewed before any additional applications submitted by the same applicant.
- Applications for additional units, up to the overall maximum of eight (8) units, may be considered only after initial applications have been evaluated in accordance with Program priorities and funding availability.

Costs Included in Rental Property Caps

The maximum award caps for small rental properties include all eligible costs required to complete the approved DOW, including but not limited to:

- Construction costs (hard and soft)
- Mitigation and resilience measures
- Elevation costs, when required
- Site improvements and related work
- Code compliance, inspections, and permitting fees
- Environmental, historic preservation, and hazard-related compliance costs

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- Construction support and compliance costs (e.g., dumpsters, temporary sanitation, site safety measures)

All costs must be reasonable, necessary, and directly related to the approved disaster recovery activity.

Exceptions to Rental Property Award Caps

Exceptions to the maximum rental property award caps may be approved on a case-by-case basis when warranted by program requirements or site-specific conditions. Circumstances that may justify an exception include, but are not limited to:

- Verified severity or complexity of disaster-related damage
- Required accessibility improvements to meet Section 504 obligations
- Elevation requirements in flood-prone areas
- Historic preservation requirements under Section 106
- Other federally mandated or minimum program compliance requirements

Any approved exception must be documented, supported by the project file, and approved in accordance with City procedures and HUD requirements.

4. Terminated Projects and Project Delivery Costs

If a housing project is terminated prior to the start of construction—such as due to applicant withdrawal, ineligibility identified after environmental review, or other disqualifying factors—costs incurred up to the point of termination may remain eligible as project delivery costs, provided they are allowable under CDBG-DR requirements.

Eligible retained project delivery costs may include, but are not limited to:

- Property inspections
- Environmental reviews
- Environmental or hazard testing
- Other pre-construction delivery activities directly attributable to the project

All retained costs must be properly documented, reasonable, and allocated in accordance with federal cost principles and City program requirements.

6. Construction Standards and Minimum Property Requirements

All CDBG-DR rehabilitation, reconstruction, and new construction activities must meet:

- Current local building codes

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- Applicable international building standards
- HUD-required safety and durability standards
- Lead-based paint requirements under 24 CFR Part 35
- Any City-adopted property and occupancy standards

Feasibility Requirements:

Projects must be:

- Structurally feasible
- Capable of meeting minimum standards upon completion
- Cost reasonable
- Appropriate to the level of damage caused by the tornado

If a property cannot reasonably be repaired to meet required standards, reconstruction or another program pathway may be required.

6.1. CONTRACTOR REQUIREMENTS

All contractors performing work on CDBG-DR-assisted developments for the CLR must meet the following requirements:

- **Licensing:** Contractors must hold all required state and local licenses, including an active license issued by the Arkansas Contractor’s Licensing Board. Contractors may not “share” licenses; each contractor must operate under their own valid license. Questions regarding licensing and a list of licensed contractors may be directed to the [State Licensing Board](#) (4100 Richards Road, North Little Rock, AR 72117; (501) 372-4661).
- **Insurance:** Contractors must maintain adequate insurance coverage, including general liability and Builder’s Risk insurance, as applicable.
- **Bonding:** Contractors must obtain a Payment and Performance Bond equal to the amount of the construction contract. The City may establish additional bonding requirements based on project scope or risk.
- **Debarment and Suspension:** Any contractor or subcontractor who has been debarred or had a license suspended by any entity within the past twelve (12) months is prohibited from participating in the CLR’s CDBG-DR housing programs (2 CFR part 2424). Contractors must not appear on federal or state debarment lists.

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- **Qualifications and Capacity:** Contractors must demonstrate the capacity to perform residential construction to applicable standards and provide proof of worker qualifications when required.
- **Additional Requirements:** The City may impose further requirements related to experience, performance history, or other criteria to ensure quality, compliance, and successful project delivery.

6.2. CONTRACTOR SELECTION AND ASSIGNMENT

Contractors performing CDBG-DR-funded work will be procured by the City in accordance with applicable federal, state, and local procurement requirements, including 2 CFR §§ 200.318–327.

Prior to procurement of construction services, the City will conduct a damage assessment and prepare a description of work identifying the repairs necessary to restore the property to applicable program standards. Based on the approved DOW, the City will prepare or obtain an independent cost estimate to establish cost reasonableness for the proposed construction activities. The City utilizes HUD-approved cost estimating software to develop estimates based on current industry pricing for labor, materials, and construction activities. The independent cost estimate will be used to evaluate contractor bids or proposals and to support compliance with federal cost reasonableness requirements.

For City-administered rehabilitation and reconstruction projects, homeowners will not select or directly contract with construction contractors. Contractors will be assigned by the City through a competitive procurement process designed to ensure cost reasonableness, capacity, and compliance with federal requirements.

If contractor bids exceed the independent cost estimate by a significant margin, the City may request additional cost justification, negotiate adjustments, modify the DOW, or rebid the project as appropriate. Documentation supporting the independent cost estimate and procurement process will be maintained in the project file.

Homeowners will acknowledge in writing that contractor selection and oversight are the responsibility of the City.

6.3. CONSTRUCTION STANDARDS AND OVERSIGHT

6.3.1. Construction and Code Compliance Standards

All CDBG-DR-assisted properties must meet applicable federal, state, and local requirements at the time of project completion. Assisted properties must:

- Meet all local building codes in effect at the time of completion and as adopted and enforced by the CLR
- Comply with zoning and land use requirements

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- Incorporate mitigation measures where appropriate to reduce future storm risk
- Meet HUD standards for DSS housing

Applicable construction standards include, but are not limited to, the Arkansas Fire Prevention Code (Volumes 1–3), International Existing Building Code, National Electrical Code (as adopted), Arkansas Plumbing Code, International Mechanical Code, International Fuel Gas Code, Arkansas Energy Code, applicable accessibility standards (ICC/ANSI A117.1), International Property Maintenance Code, and all locally adopted amendments.

For additional information on applicable codes, permitting, and inspection requirements, applicants and contractors may refer to the CLR Planning and Development Department website:

<https://littlerock.gov/government/city-departments/planning-and-development/divisions/>

Properties located within flood hazard areas must satisfy elevation and flood mitigation requirements prior to project closeout.

The City, acting as the RE, will ensure that environmental review requirements under 24 CFR Part 58 are completed prior to commitment of funds and prior to commencement of physical work.

All construction activities must also comply with applicable federal cross-cutting requirements, including HUD Green Building Standards, floodplain management requirements (24 CFR Part 55), accessibility requirements (including Section 504, the Fair Housing Act, and ADA, as applicable), and other federal requirements associated with CDBG-DR funding.

6.3.2. Construction Oversight and Inspections

To ensure compliance with the standards outlined above, inspections are required for all CDBG-DR-funded construction activities. The CLR will provide inspectors from Building Codes and Housing staff, as needed. Contractors or applicants must notify the City at least forty-eight (48) hours in advance to schedule required inspections.

A City inspector must attend all pre-construction meetings related to CDBG-DR-funded developments. Prior to issuance of a Notice to Proceed, a pre-construction conference will be conducted with the contractor, homeowner (if applicable), and City staff to review the approved DOW, construction schedule, inspection requirements, payment procedures, change order process, and applicable federal compliance requirements. City staff, including the City inspector, will be the entities responsible for assisting beneficiaries in responding to contractor fraud, poor quality work, and associated issues. No work may begin until environmental clearance has been issued and a Notice to Proceed has been executed.

Required inspections shall occur at appropriate stages of construction, which may include:

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Stage 1	Stage 2	Stage 3	Stage 4
Excavation	Plumbing top-out	Flooring	Final Inspection
Metals	Electrical rough-in Framing	systems Painting	
Termite treatment	Roof	Doors	
Rough-in plumbing	Interior wall systems	Cabinet s HVAC	
Earth work	Exterior wall systems	Electrical top-out	
Water proofing (vapor barrier)	Ventilation	Special construction (elevators, etc.)	
Footing	Insulation	Appliances	
Slab			

For rehabilitation projects, a property must be inspected and approved prior to payment of any draw request to verify satisfactory completion of work. The City will authorize payment only for work that has been inspected and approved.

City staff will coordinate scheduling of inspections with recipients and inspectors.

Inspection documentation must include:

- Date and type of inspection
- Observations and findings
- Photographs
- Any required corrective actions
- Inspector signature or certification

No payments will be issued without verification that completed work meets required standards.

6.3.3. Change Orders

All change orders must be submitted using the City’s approved form and must receive written approval from City staff before any related work begins. CDBG-DR funds will not be used to pay for work associated with unapproved change orders.

All change orders are subject to federal cost principles, meaning costs must be necessary, reasonable, and allocable in accordance with 2 CFR 200. If a proposed change order does not meet these cost-reasonableness standards, it will not be approved or reimbursed with CDBG-DR funds.

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If a change order modifies the amount of CDBG-DR assistance, the modification must be documented through updated legal instruments, including amended agreements, mortgages, or promissory notes, as applicable.

Construction Contingency

The City may allow up to ten percent (10%) of the approved CDBG-DR construction budget to be used for contingencies. Total project costs, including contingency, must not exceed established per-unit limits under the CDBG-DR Program. Use of contingency funds must be documented, justified, and approved in writing prior to disbursement.

Emergency Change Orders

The CLR emergency-related contract changes may be directed immediately (even orally) when urgent conditions threaten property, life, health or public safety. The city's guideline aligns with the State of Arkansas' change order rules tied to emergency procurement law:

- Under Arkansas administrative rules, "emergency change orders may be effective by following the same rules as emergency contracts."
- Those emergency contract rules come from the Arkansas Procurement Law, which defines an emergency as a situation where delay would endanger life, health, property, or agency operations, and requires documentation, approvals, and (when practicable) competition.

6.3.4. Punch List and Final Acceptance

If deficiencies are identified during final inspection, a written punch list will be issued. Contractors must complete all punch list items within the timeframe established by the City.

Final acceptance will not occur until all punch list items have been completed and verified.

6.3.5. Closing of Transactions

The City will coordinate with the grantee to select a closing entity for all CDBG-DR transactions. All closings must use City-approved documents.

City staff will issue written closing instructions to the designated closing entity.

6.3.6. Payment, Reimbursement, and Drawdown Controls

For City-managed projects, payments will be made only after:

- Inspection confirmation
- Verification of eligible and reasonable costs
- Proper documentation of labor and materials

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- Confirmation that the work aligns with approved scope

For reimbursing subrecipients or partners:

Reimbursement requires:

- Proper invoices
- Proof of payment
- Supporting documentation for all eligible costs
- Required approvals by City staff

Handwritten or unverifiable invoices will not be accepted.

Retainage

The City may withhold retainage from each draw request in accordance with City construction management procedures. Retainage will be released only after final inspection approval, completion of all punch list items, and submission of required closeout documentation.

Warranty

Contractors must provide a minimum one (1) year workmanship warranty covering all labor and materials, unless otherwise required by contract. Warranty documentation must be submitted prior to final payment.

5. GENERAL ELIGIBILITY REQUIREMENTS

6.4. PROPERTY AND ASSISTANCE STANDARDS

All properties assisted under the HRP must meet applicable federal, state, and local standards at the time of project completion. The City will ensure that assisted properties are decent, safe, sanitary, resilient, and compliant with all applicable accessibility, environmental, and building code requirements.

All work scopes will be based on the Program's damage assessment and must comply with HUD standards of cost reasonableness and long-term durability.

6.5. LEAD-BASED PAINT REQUIREMENTS

In accordance with 24 CFR Part 35, all developments constructed before 1978 and receiving CDBG-DR assistance must undergo lead hazard evaluation and reduction activities. For rehabilitation projects involving buildings built prior to 1978, a lead hazard evaluation must be conducted by certified lead professionals. Recipients are required to:

- Submit a detailed lead hazard reduction plan in compliance with federal regulations

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- Clearly identify and itemize lead hazard reduction costs within the rehabilitation budget
- Complete all lead hazard reduction activities, verified by a clearance report conducted by certified personnel

CDBG-DR funding is contingent upon the recipient’s agreement to complete lead hazard reduction as required. If CDBG-DR funds are used for only a portion of the units within a development, lead-based paint requirements still apply to all units and common areas within the property.

6.6. DESIGN STANDARDS

All CDBG-DR housing activities administered by the CLR must be designed and constructed to ensure homes are safe, durable, energy-efficient, and resilient to future hazards. These standards support the City’s recovery goals by strengthening structures against extreme weather and promoting long-term sustainability. The design requirements apply to rehabilitation, reconstruction, and new construction and must be incorporated into project scopes of work, construction specifications, and contractor obligations. All housing activities must comply with applicable federal, state, and local building codes, zoning requirements, environmental review determinations, floodplain management rules, and the resilience and green building standards outlined below.

6.6.1. Mitigation Requirements and Tracking

All CDBG-DR Housing Programs must incorporate reasonable mitigation and resiliency measures to reduce future hazard risks. These requirements apply to rehabilitation, reconstruction, and new construction and must be included in each project’s scope of work and specifications. Mitigation features may include strengthened structural systems, wind-resistant materials, improved anchoring, energy-efficiency upgrades, and other hazard-reducing measures appropriate for tornado-prone areas. All mitigation measures must be documented in the project file.

The City will track mitigation and resilience outcomes through project documentation and the DRGR system. Mitigation measures will be identified in scopes of work, construction specifications, inspection records, and cost estimates, and when feasible, tied to specific construction line items to determine costs attributable to mitigation and resilience. As projects progress, the City will report applicable mitigation outcomes in DRGR in accordance with HUD requirements, including resilience features, hazard-risk reduction measures, and other mitigation-related improvements funded through CDBG-DR. All supporting documentation will be maintained in the project file.

6.6.2. Climate Resilience and Hazard Mitigation

Consistent with the City’s HUD-approved CDBG-DR Action Plan and the Pulaski County Hazard Mitigation Plan¹², housing recovery activities will incorporate mitigation strategies intended to

¹² <https://www.capdd.org/post/pulaski-county-hazard-mitigation-plan-approved-by-fema>

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strengthen residential structures and reduce risks associated with severe storms, tornadoes, flooding, and other hazards affecting the region. Housing rehabilitation, reconstruction, and new construction will incorporate resilience and mitigation measures where feasible and appropriate. Mitigation and resilience strategies may include, but are not limited to:

- Elevation of structures located in flood hazard areas in accordance with FEMA floodplain management requirements and the Federal Flood Risk Management Standard (FFRMS), where applicable
- Wind-resistant construction techniques and structural reinforcements designed to improve resistance to severe storms and tornado events
- Use of durable and hazard-resistant building materials that improve the longevity and performance of housing structures
- Energy-efficient building systems and building envelope improvements that enhance long-term sustainability and reduce operating costs
- Structural repairs and reinforcements that reduce vulnerability to high-wind and severe weather hazards

These mitigation measures and strategies will reduce natural hazards risks and will be integrated into the construction, reconstruction, and/or rehabilitation of homes.

6.6.3. Green Building Policy

To support resilient, energy-efficient, and environmentally sustainable housing, all construction activities funded through the CLR's CDBG-DR Housing Programs must comply with applicable green building standards. These requirements apply to new construction, reconstruction, and substantial rehabilitation projects.

Minimum Green Building Requirements

All CDBG-DR-assisted projects must meet the following baseline standards:

- **Energy Efficiency:** Projects must comply with the most recently published version of the International Energy Conservation Code (IECC) or a locally adopted equivalent.
- **Water Conservation:** Installation of water-efficient fixtures and appliances (e.g., EPA WaterSense-labeled products) is strongly encouraged.
- **Indoor Environmental Quality:** Use of low-VOC paints, adhesives, sealants, and flooring materials to promote healthy indoor air quality.
- **Durability and Resilience:** Materials and construction methods must be appropriate for local climate conditions and hazard risks, including flood, wind, and seismic events.

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- Waste Management: Construction and demolition waste should be minimized through recycling, reuse, and responsible disposal practices.

Recommended Certifications (Optional)

While not required, developers are encouraged to pursue nationally recognized green building certifications, such as:

- ENERGY STAR® Certified Homes
- Enterprise Green Communities
- LEED® for Homes
- National Green Building Standard (NGBS)

Rehabilitation Projects

For substantial rehabilitation of existing structures, the following apply:

- Conduct an energy audit or assessment to identify cost-effective improvements.
- Upgrade outdated systems (e.g., HVAC, lighting, plumbing) with energy-efficient alternatives.
- Address environmental health hazards such as mold, asbestos, and lead-based paint.

Compliance and Documentation

Developers and subrecipients must submit documentation demonstrating compliance with green building requirements, including:

- Construction plans and specifications
- Energy modeling or audit reports
- Product certifications and manufacturer data
- Final inspection and verification reports

The CLR reserves the right to inspect and verify compliance throughout the construction process and upon project completion.

6.7. DATA SECURITY AND PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION (PII)

The CLR will protect all personally identifiable information (PII) collected for CDBG-DR activities. Access to applicant and beneficiary data will be limited to authorized personnel with a legitimate program need. Program files containing PII will be stored in secure electronic systems and, when applicable, in secured physical locations. Electronic records must comply with City cybersecurity

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standards, including access controls, password protection, and data-backup protocols. Sensitive documents may not be transmitted through unsecured methods.

Subrecipients, contractors, and program partners must follow City privacy policies, information-security standards, and record-retention requirements. Any unauthorized access, disclosure, or misuse of PII may result in corrective action, contract termination, recovery of funds, or referral to the appropriate authorities.

6.8. PROGRAM TRANSPARENCY, OUTREACH, AND TIMELINESS

6.8.1. Timeliness and Performance Tracking

CDBG-DR housing activities must be implemented in a timely manner consistent with federal requirements and the City's HUD-approved Action Plan. The City will monitor performance through internal reporting, DRGR data entry, construction inspections, obligation tracking, and expenditure reviews. CLR will also compare expenditures and outcomes against projections to assess program impact within the MID area. Applicants, contractors, and subrecipients must meet required milestones for project start, construction progress, and completion. Failure to demonstrate reasonable progress may result in corrective action, scope modifications, payment withholding, or reallocation of funds.

6.8.2. Marketing and Outreach

The City will conduct outreach to households affected by the March 31, 2023, tornado to inform them about available CDBG-DR Housing Programs. Outreach may include public notices, community meetings, website updates, printed materials, social media posts, direct engagement with neighborhood associations, and coordination with community-based partners.

The City will use its website and social media platforms (including Facebook and other digital channels) to announce program openings, application deadlines, public hearings, community meetings, and updates on program availability and application procedures.

Outreach efforts may involve partnerships with community organizations, housing providers, advocacy groups, faith-based organizations, and other local institutions that work with residents who may have limited access to traditional communication channels.

Special outreach efforts will focus on reaching:

- Low- and moderate-income households
- Racial and ethnic minority communities
- Elderly residents and older adults
- Individuals with disabilities
- Persons with Limited English Proficiency (LEP)

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- Households that may face barriers related to transportation, technology access, or mobility limitations

All outreach materials will be accessible and provided in appropriate languages, consistent with the City's Language Access Plan and applicable civil rights requirements. Public meetings and application events will be held in accessible locations, with reasonable accommodations provided upon request.

The City will periodically evaluate outreach results to ensure equitable access to recovery programs. If certain groups are underrepresented, the City may adjust outreach methods or offer additional application assistance to improve program accessibility.

Additional information on public engagement and citizen participation procedures is available in the CLR Citizen Participation Plan on the CLR [CDBG-DR website](#).

6.8.3. Public Website and Transparency

The City will maintain a publicly accessible CDBG-DR webpage to promote transparency and public access to program information. The website will include key program documents, including Housing Program Guidelines, application materials, procurement opportunities, amendments, and performance reporting, as applicable. Program updates and policy changes will be posted to ensure accurate and timely public information.

7. CLOSEOUT & GRANT COMPLETION

Project completion for the HRP is achieved when all approved DOW items are finished, required inspections are passed, applicable permits are closed, and the property meets local codes and HUD-required standards. Completion must be verified in writing by the City's inspector or designated construction professional confirming compliance with the approved scope, construction contract, and federal requirements.

For reconstruction projects, and any project requiring occupancy authorization, a Certificate of Occupancy (or equivalent documentation) must be obtained before final approval. No project is considered complete until the structure is confirmed safe for occupancy and compliant with applicable codes.

A final inspection is required before releasing final payment. This inspection must confirm that all contracted work is complete, change orders are properly approved, and all deficiencies or punch list items are resolved. Documentation of the final inspection, including inspector sign-off and date, must be included in the project file.

Before administrative closeout, the City will certify that all eligibility documentation, environmental clearance, DOB review, construction records, payment documentation, labor standards (if applicable), and affordability instruments have been properly completed and recorded. The file must demonstrate

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compliance with the National Objective, tie-back to the qualifying disaster, and financial management requirements under 2 CFR Part 200 and the City's CDBG-DR procedures.

When applicable, the affordability period begins upon documented construction completion, as evidenced by final inspection approval and issuance of a Certificate of Occupancy. The affordability start date will be recorded in the project file and reflected in the Promissory Note, Mortgage, or Deed Restriction.

Once all requirements are met, the City will issue a Grant Completion Letter to the homeowner confirming project completion, the start of any affordability period, ongoing compliance obligations, and contact information for future reporting. A copy of the letter will be retained in the program file.

8. Audit and Oversight Requirements

CDBG-DR funds are subject to federal, state, and local audit. All staff, subrecipients, developers, and contractors must cooperate with monitoring reviews, audits, and investigations conducted by the City, HUD, the State of Arkansas, or federal oversight agencies. Documentation requested for audit purposes must be made available promptly. Corrective actions resulting from audits or monitoring will be tracked until resolved.

8.1. CONFLICT OF INTEREST

The CLR will follow the CLR's Conflict of Interest Policy and applicable federal regulations, including 24 CFR § 570.611 and 2 CFR §§ 200.112 and 200.318(c)(1). All City employees, elected officials, subrecipients, contractors, consultants, and any person involved in CDBG-DR decision-making must comply with federal, state, and local conflict-of-interest requirements. No covered person may receive a financial benefit from a CDBG-DR-assisted activity or have an interest in any contract, property, or agreement funded with CDBG-DR during their service or for one (1) year after, unless HUD approves an exception. Any actual or potential conflict must be disclosed in writing as soon as it is identified. Individuals with a conflict may not participate in related decisions, procurement actions, or contract administration. The City may request a formal exception from HUD when permitted under 24 CFR § 570.611(d), but no exception is valid without written HUD approval. Failure to disclose or comply with conflict-of-interest requirements may result in removal from the activity, termination of agreements, repayment of funds, or other corrective action.

8.2. FRAUD, WASTE, AND ABUSE PREVENTION

The CLR HNP maintains policies and internal controls to prevent, detect, and respond to fraud, waste, abuse, misappropriation, and other fiscal irregularities in all CDBG-DR activities. These safeguards apply to employees, applicants, subrecipients, contractors, consultants, vendors, beneficiaries, and any entity administering or receiving CDBG-DR funds. All participants are required to provide accurate and complete information, comply with program requirements, avoid conflicts of interest, maintain documentation sufficient to support eligibility and expenditures, and cooperate fully with monitoring,

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audits, and investigations conducted by the City, HUD, HUD's Office of Inspector General (OIG), or other authorized oversight entities.

The City implements preventative controls including verification of applicant income, ownership, residency, and disaster tie-back; DOB review using FEMA, SBA, NFIP, and other available data; competitive procurement and contractor due diligence; licensing and debarment checks; required inspections prior to payment; documented draw approval procedures; and risk-based monitoring of subrecipients and contractors. All applicants and funding recipients execute certifications acknowledging that information provided is true and correct and agreeing to repay funds if duplication, misrepresentation, or ineligible activity is later identified.

Suspected fraud, waste, or abuse may be reported to the Program Manager, Assistant Director, Director, Procurement Manager, City Attorney, or directly to HUD OIG. Reports may be submitted anonymously, and retaliation against individuals who report concerns in good faith is prohibited in accordance with applicable whistleblower protections. All substantiated cases involving federal funds will be referred to HUD OIG and appropriate enforcement authorities as required.

If misuse of funds, material misrepresentation, DOB, or noncompliance is identified, the City has the authority to suspend payments, terminate participation or contracts, require repayment of improperly received or expended funds, offset future payments, and pursue recovery through legal action. Intentional false statements or fraudulent claims may result in civil or criminal penalties under applicable federal statutes, including 18 U.S.C. §§ 287¹³ and 1001, 31 U.S.C. § 3729¹⁴, and other relevant laws. All investigative actions, findings, and enforcement decisions will be documented and retained in accordance with federal record retention requirements.

The full Fraud, Waste, and Abuse Policy, including definitions, investigative procedures, whistleblower protections, penalties, contractor fraud provisions, complaint handling, confidentiality requirements, and code of conduct standards, is incorporated by reference and may be found in [CLR CDBG-DR Webpage](#).

6. COMPLAINTS AND APPEALS

The city will respond in writing to written complaints and appeals. Complaints and appeals should be submitted to the CLR. They may also be received verbally, and by other means, as necessary. If the City determines that a complainant or appellant is unable to submit a written complaint due to a physical or intellectual impairment, the City may assist by converting the complaint into written form.

¹³ <https://www.justice.gov/archives/jm/criminal-resource-manual-922-elements-18-usc-287>

¹⁴ [https://www.justice.gov/d9/civil/legacy/2011/04/22/C-FRAUDS_FCA_Primer.pdf#:~:text=In%20very%20general%20terms%2C%20%2C%A7%2C%A7%203729\(a\)\(1\)\(A\)%20and,a%20false%20claim%20paid%20by%20the%20government](https://www.justice.gov/d9/civil/legacy/2011/04/22/C-FRAUDS_FCA_Primer.pdf#:~:text=In%20very%20general%20terms%2C%20%2C%A7%2C%A7%203729(a)(1)(A)%20and,a%20false%20claim%20paid%20by%20the%20government)

This manual may be updated periodically to reflect changes in federal, state, or local requirements, as well as operational updates, program improvements, or clarifications.

The City will respond to all complaints within fifteen (15) working days, when practicable. Complaints may be submitted as follows:

Tracey Shine
CLR
Housing & Neighborhood Programs
500 W. Markham Street, Suite 120
Little Rock, AR 72201

Complaints may also be submitted by email to: tshine@littlerock.gov with a copy to CDBGDR@littlerock.gov.

To file a written complaint or appeal, contact Tracey Shine at 501-371-6825.

Any person that feels that the Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following links (or as otherwise directed):

FORT WORTH REGIONAL OFFICE U.S. Department of Housing and Urban Development Southwest Office 819 Taylor Street Fort Worth, TX 76102	Ashlea Quinonez, Regional Administer	(817) 978-5965 Fax: (817) 978-5876
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Or Contact (888) 560-8913 and for the hearing impaired, please call TTY (800) 927-9275.

The Arkansas Fair Housing Commission can be reached toll-free at (800) 340-9108.

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9. REFERENCES

Federal Statutes

- Housing and Community Development Act of 1974 (42 U.S.C. § 5301 et seq.)
<https://www.govinfo.gov/content/pkg/COMPS-10382/pdf/COMPS-10382.pdf>
- Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5121 et seq.)
<https://www.govinfo.gov/content/pkg/COMPS-10230/pdf/COMPS-10230.pdf>
- National Environmental Policy Act of 1969 (NEPA)
<https://www.govinfo.gov/content/pkg/COMPS-10352/pdf/COMPS-10352.pdf>
- National Flood Insurance Act of 1968
<https://www.govinfo.gov/content/pkg/COMPS-10476/pdf/COMPS-10476.pdf>
- Flood Disaster Protection Act of 1973
<https://www.govinfo.gov/content/pkg/STATUTE-87/pdf/STATUTE-87-Pg975.pdf>
- Fair Housing Act (42 U.S.C. § 3601–3619)
<https://www.govinfo.gov/content/pkg/USCODE-2022-title42/pdf/USCODE-2022-title42-chap45.pdf>
- Section 504 of the Rehabilitation Act of 1973
<https://www.govinfo.gov/content/pkg/USCODE-2022-title29/pdf/USCODE-2022-title29-chap16.pdf>
- Americans with Disabilities Act (ADA)
<https://www.govinfo.gov/content/pkg/USCODE-2022-title42/pdf/USCODE-2022-title42-chap126.pdf>
- Age Discrimination Act of 1975
<https://www.govinfo.gov/content/pkg/USCODE-2022-title42/pdf/USCODE-2022-title42-chap76.pdf>
- Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996
<https://www.govinfo.gov/content/pkg/PLAW-104publ193/pdf/PLAW-104publ193.pdf>

Federal Regulations

- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>
- 2 CFR Part 180 – Debarment and Suspension
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-180>
- 24 CFR Part 8 – Nondiscrimination Based on Disability
<https://www.ecfr.gov/current/title-24/subtitle-A/part-8>
- 24 CFR Part 35 – Lead-Based Paint
<https://www.ecfr.gov/current/title-24/subtitle-A/part-35>
- 24 CFR Part 42 – Relocation (Section 104(d))
<https://www.ecfr.gov/current/title-24/subtitle-A/part-42>
- 24 CFR Part 55 – Floodplain Management
<https://www.ecfr.gov/current/title-24/subtitle-A/part-55>

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- 24 CFR Part 58 – Environmental Review
<https://www.ecfr.gov/current/title-24/subtitle-A/part-58>
- 24 CFR Part 75 – Section 3
<https://www.ecfr.gov/current/title-24/subtitle-A/part-75>
- 24 CFR Part 570 – Community Development Block Grants
<https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570>
- 49 CFR Part 24 – Uniform Relocation Assistance (URA)
<https://www.ecfr.gov/current/title-49/subtitle-A/part-24>
- FEMA Flood Insurance Rate Maps (FIRMs)
<https://msc.fema.gov>
- National Flood Insurance Program (NFIP)
<https://www.fema.gov/flood-insurance>
- Federal Flood Risk Management Standard (FFRMS)
<https://www.fema.gov/floodplain-management/ffrms>

HUD Guidance & Federal Register Notices

- CDBG-DR Universal Notice (90 FR 1754)
<https://www.federalregister.gov/documents/2025/01/08/2024-30365>
- CDBG-DR Allocation Announcement (90 FR 4759)
<https://www.federalregister.gov/documents/2025/01/16/2025-00943>
- HUD CPD Monitoring Handbook 6509.2
<https://www.hud.gov/sites/documents/6509.2G.PDF>

State and Local References

- Arkansas Residential Anti-Displacement and Relocation Assistance Plan (RARAP)
<https://adfa.arkansas.gov/wp-content/uploads/2024/12/Attachment-45-RARAP-ADFA-Final-Residential-Anti-Displacement-Relocation-Assistance-Plan.pdf>
- City of Little Rock CDBG-DR Program Action Plan
<https://littlerock.gov/government/city-departments/housing-and-neighborhood/community-development-block-grant-disaster-recovery/>
- City of Little Rock Planning and Development Department (Codes and Permitting)
<https://littlerock.gov/government/city-departments/planning-and-development/divisions/>