

POLICY MANUAL

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

NEW AFFORDABLE HOUSING CONSTRUCTION PROGRAM (NAHCP)



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	CLR	
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	Full Term
CDBG-DR	Community Development Block Grant – Disaster Recovery
CLR	City of Little Rock
HUD	U.S. Department of Housing and Urban Development
HNP	Housing and Neighborhood Programs
NAHCP	New Affordable Housing Construction Program
AMI	Area Median Income
LMI	Low- and Moderate-Income
MID	Most Impacted and Distressed
DRGR	Disaster Recovery Grant Reporting System
RE	Responsible Entity
RROF	Request for Release of Funds
ROF	Release of Funds
NEPA	National Environmental Policy Act
DOB	Duplication of Benefits
NFIP	National Flood Insurance Program
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Map
SFHA	Special Flood Hazard Area
BFE	Base Flood Elevation
FFRMS	Federal Flood Risk Management Standard
URA	Uniform Relocation Assistance and Real Property Acquisition Policies Act
RARAP	Residential Anti-Displacement and Relocation Assistance Plan
DBRA	Davis-Bacon and Related Acts



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Acronym	Full Term
FLSA	Fair Labor Standards Act
EEO	Equal Employment Opportunity
ADA	Americans with Disabilities Act
LEP	Limited English Proficiency
AFFH	Affirmatively Furthering Fair Housing
HQS	Housing Quality Standards
DSS	Decent, Safe, and Sanitary

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DEFINITIONS

Term	Definition
Affordability Period	The required period during which assisted housing must remain affordable to income-eligible households, enforced through recorded legal instruments.
Area Median Income (AMI)	The median income for a geographic area, as determined annually by HUD and adjusted for household size.
Duplication of Benefits (DOB)	Financial assistance received from multiple sources for the same purpose that exceeds the total eligible need.
Low- and Moderate-Income (LMI)	Households earning at or below HUD-established income limits, typically $\leq 80\%$ of AMI unless otherwise approved.
Most Impacted and Distressed (MID)	Geographic areas designated by HUD as having the highest concentration of damage and unmet recovery needs.
Responsible Entity (RE)	The entity responsible for completing environmental reviews and ensuring compliance with NEPA and related laws.
Special Flood Hazard Area (SFHA)	Areas identified by FEMA as having a 1% annual chance of flooding (100-year floodplain).
Base Flood Elevation (BFE)	The elevation at which floodwaters are expected to rise during a base flood event.
Federal Flood Risk Management Standard (FFRMS)	A federal standard requiring higher elevation or mitigation requirements for federally funded projects.
National Flood Insurance Program (NFIP)	A federal program that provides flood insurance and establishes floodplain management requirements.
Uniform Relocation Assistance (URA)	Federal law governing relocation assistance and property acquisition for federally funded projects.

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1. INTRODUCTION

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

The CLR embraces its responsibility to administer the CDBG-DR program with integrity and accountability. The City will manage these funds creatively, effectively, and efficiently. Funds will be used in alignment with the unique recovery needs and housing conditions across Arkansas. All efforts will be guided by practical safeguards to prevent waste, fraud, and abuse.

The City is committed to innovation, flexibility, and responsiveness in designing and implementing programs that address the recovery and resilience needs related to disasters or emergencies. It will ensure these needs are met equitably and sustainably.

1.1. PURPOSE OF MANUAL

This Policy Manual provides the operational framework for administering the New Affordable Housing Construction Program (NAHCP) under the CLR CDBG-DR program. It guides City staff, subrecipients, developers, contractors, and partners. These parties will use the manual to implement long-term housing recovery activities to address unmet needs resulting from the March 31, 2023, EF-3 tornado.

This Manual is designed to address specific conditions and support resilient, equitable recovery for impacted residents. It outlines the program requirements, eligibility standards, compliance expectations, and process workflows. These ensure all CDBG-DR NAHCP activities comply with U.S. Department of Housing and Urban Development (HUD) regulations, federal cross-cutting requirements, and the City's HUD-approved Action Plan. These policies support transparent, consistent, and accountable administration of recovery funds. They also promote equitable access to safe and resilient housing.

CLR reserves the right to update or amend this Manual as new HUD guidance becomes available or as future amendments to the Action Plan require procedural changes.

1.2. BACKGROUND ON CDBG-DR FUNDING

The CDBG-DR program is a special allocation of federal funding provided by the HUD to assist communities in recovering from disasters declared by the President.² These funds are intended to support long-term recovery efforts in areas where the scale of damage exceeds the capacity of local

¹ https://www.hud.gov/program_offices/comm_planning/cdbg

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

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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 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

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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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.

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 damage, major habitability issues, and long-term displacement. 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 funds to the CLR to address long-term recovery needs resulting from the March 31, 2023, tornado (DR-4698). These funds are governed by the HUD Allocation Announcement Notice (AAN) and the Federal Register Universal Notice.

Consistent with HUD requirements and the City’s HUD-approved Action Plan, housing recovery represents a primary recovery priority. Approximately 53 percent of the total grant allocation is dedicated to housing-related activities. Of that amount, \$6,500,000 has been allocated to the NAHCP to support the development of new affordable housing units within the CLR.

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The NAHCP directly aligns with the Action Plan’s documented housing unmet need and the identified shortage of affordable housing that existed prior to the disaster and was further exacerbated by storm-related destruction. The program is designed to increase the long-term supply of resilient, safe, and affordable housing for income-eligible households, including LMI households, in compliance with statutory LMI benefit requirements.

All NAHCP activities will be implemented within the HUD-designated Most Impacted and Distressed (MID) area, which includes the entire CLR. The program supports the Action Plan’s goals to:

- Address disaster-related housing loss and displacement;
- Expand the supply of affordable housing through new construction;
- Incorporate resiliency and mitigation measures to reduce future disaster risk; and
- Promote equitable long-term recovery for impacted households.

The NAHCP is authorized under the CDBG-DR new housing construction waiver provided in the Universal Notice and is implemented in accordance with applicable federal regulations, including 24 CFR 570.202, environmental review requirements, floodplain management standards, and federal accessibility laws.

2. Roles and Responsibilities

This section outlines the roles and responsibilities of the CLR, as the Responsible Entity (RE), and its development partners, subrecipients, contractors, and consultants involved in delivering new construction activities funded through CDBG-DR. As the lead agency and Responsible Entity, the City retains full authority and accountability for program administration, environmental review, financial oversight, procurement, monitoring, and regulatory compliance in accordance with the HUD Universal Notice and applicable federal requirements. Development partners and other participating entities are responsible for executing eligible activities in compliance with program guidelines, affordability standards, and all applicable cross-cutting federal regulations.

Table 1. Roles and Responsibilities of Participating Entities

Entity	Role	Primary Responsibilities	Regulatory / Compliance Authority
CLR – Responsible Entity (RE)	Lead Agency & Program Administrator	<ul style="list-style-type: none"> • Overall oversight and accountability for NAHCP implementation • Conducts and approves environmental reviews • Ensures compliance with floodplain management and site selection requirements • Administers competitive, project-based funding awards • Evaluates project eligibility, tie-back to DR-4698, and national objective compliance • Oversees underwriting and subsidy layering 	Housing and Community Development Act (HCDA); 24 CFR Part 58; 24 CFR 570.202 (as applied under new construction waiver); 2 CFR Part 200; 49 CFR Part 24 (URA); HUD Universal Notice

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Entity	Role	Primary Responsibilities	Regulatory / Compliance Authority
		review • Manages financial controls, budgeting, and Disaster Recovery Grant Reporting System (DRGR) drawdowns • Conducts procurement in accordance with federal standards • Executes development agreements and enforces affordability restrictions • Conducts risk assessments, monitoring, and internal quality control reviews • Ensures compliance with broadband infrastructure requirements for 5+ unit rental buildings • Enforces duplication of benefits (DOB) requirements • Ensures compliance with federal accessibility standards • Administers URA requirements, if applicable	
Development Partners (For-Profit, Nonprofit, CBOs)	Project Implementation	• Construct new affordable housing units (single-family or multi-family) • Comply with building codes and resiliency standards • Meet income eligibility and affordability requirements • Execute performance milestones • Maintain required documentation and reporting • Comply with federal cross-cutting requirements	Written Development Agreement; Universal Notice; Federal cross-cutting requirements
Subrecipients (if applicable)	Program Delivery Support	• Implement eligible project components • Maintain records documenting tie-back and national objective compliance • Submit required performance and financial reports • Participate in monitoring and risk assessments	Subrecipient Agreement; 2 CFR Part 200
Contractors	Construction Services	• Perform construction in accordance with approved plans and specifications • Comply with applicable building codes and resiliency standards • Meet procurement and labor requirements	Federal and City Procurement Standards; State Building Codes
Consultants / Technical Assistance Providers	Compliance & Technical Support	• Assist with environmental review documentation • Support underwriting and policy development • Provide DRGR reporting and data management assistance • Conduct compliance monitoring support	Procured under 2 CFR Part 200; 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



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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.

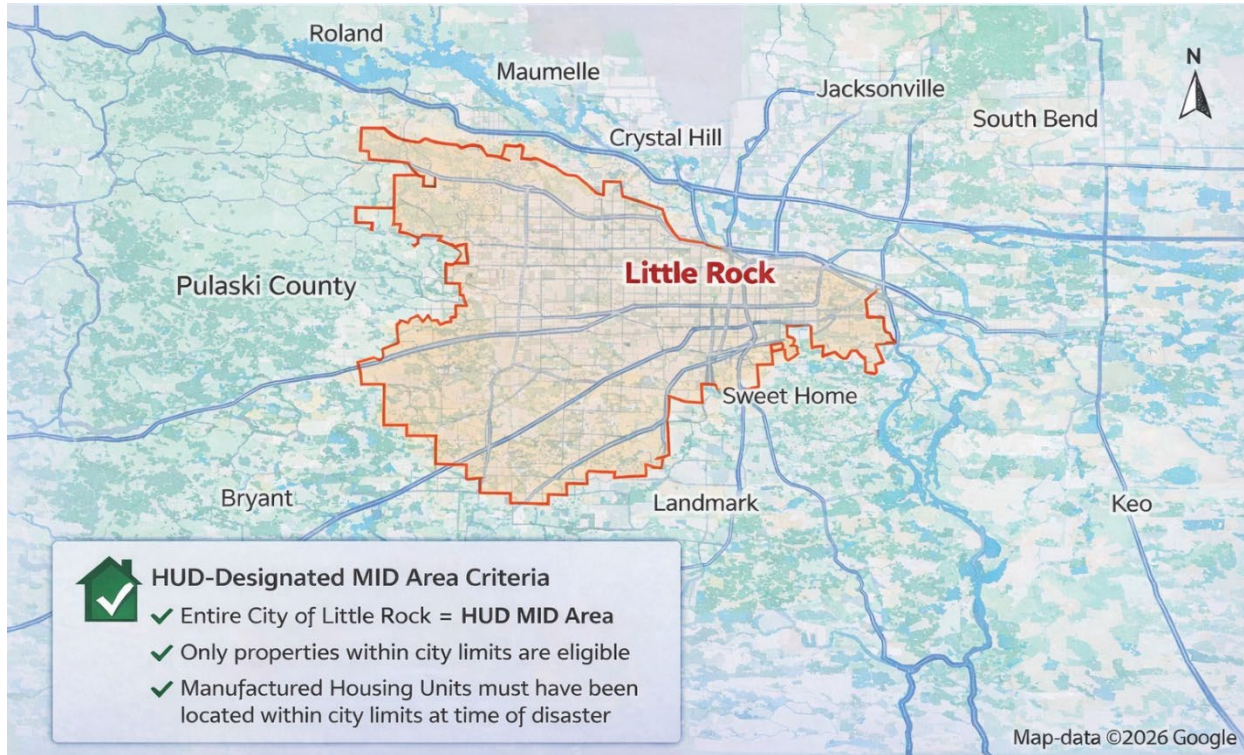


Figure 2. CDBG-DR Assistance Geographic Map

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).

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The CLR serves as the RE and must complete environmental reviews in accordance with the provisions of the National Environment Policy Act of 1969 and 24 CFR Part 58 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 RROF and approve the Release of Funds (ROF) upon HUD authorization.

CDBG-DR funding will be conditionally committed pending completion of the environmental review process. The City reserves the right to proceed, 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.

The following categories are the different levels of Environmental Review:

- CEST: Categorically Excluded, Subject To §58.5⁷ (also subject to §58.6⁸)
 - 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 of 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:

⁷ <https://www.ecfr.gov/current/title-24/subtitle-A/part-58/subpart-A/section-58.5>

⁸ <https://www.ecfr.gov/current/title-24/subtitle-A/part-58/subpart-A/section-58.6>

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Table 2. Environmental Review Notice Requirements

Type of Notice	Level of Review	Length of Comment Period
Notice of Intent (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

4.2. FLOOD PLAINS/WETLANDS AND FLOOD INSURANCE REQUIREMENTS

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 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. These requirements apply at two key stages: during construction, when the developer is responsible for maintaining required insurance coverage, and after project completion, when the property owner assumes responsibility for ongoing insurance obligations.

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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 55, 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 properties located within an SFHA, the CLR requires that all CDBG-DR-funded new construction include and maintain flood insurance coverage sufficient to safeguard federal investments and ensure compliance with applicable federal requirements. Insurance obligations apply at two key stages: during construction and after project completion.

Developer Requirements During Construction

Developers are responsible for maintaining insurance coverage throughout the construction period sufficient to protect the project and associated risks.

At a minimum, developers must:

- Carry builder's risk insurance covering the full replacement value of the structure during construction;
- Include flood coverage within the builder's risk policy for any project located in a SFHA;
- Maintain commercial general liability insurance and any additional coverage required by contract;
- Ensure all work complies with applicable floodplain management requirements, including federal, state, and local regulations.

For projects located within an SFHA, developers must also:

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- Construct the project in accordance with applicable FEMA FIRMs and required elevation standards, including BFE and any locally required freeboard;
- Deliver a completed structure that is eligible for flood insurance coverage under the NFIP.
- Insurance during construction is enforced through the development agreement and procurement requirements, consistent with federal grant management standards.

Failure to maintain required insurance may result in corrective actions, including suspension of payments or termination of the agreement.

Property Owner Requirements (Post-Construction)

Following completion of construction and prior to final assistance, any property located within an SFHA that receives CDBG-DR assistance must meet all applicable flood insurance requirements⁹. For applicable properties, flood insurance coverage must be maintained in an amount equal to the lowest of the following:

- The total amount of CDBG-DR assistance invested in the structure;
- The outstanding balance of any loan secured by the structure, if applicable; or
- The maximum amount of coverage available under the NFIP for that type of property.

Flood insurance must remain in place for the life of the structure, regardless of ownership changes, and at a minimum for the full affordability period.

Proof of an active flood insurance policy must be provided before final project closeout and may be verified periodically during any applicable affordability or compliance period. Property owners are responsible for ensuring that any future buyer or transferee is informed of the flood insurance requirement. The obligation to maintain coverage continues with the property and applies to all subsequent owners.

Failure to Maintain Flood Insurance

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

⁹ Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. § 4012a); 24 CFR 570.605 (NFIP requirements for CDBG); and Applicable CDBG-DR Federal Register Notices governing disaster recovery funds.

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- The property owner may be prohibited from receiving future federal disaster assistance for flood-related damage to the structure.

Elevation and Mitigation Standards

Properties located within a floodplain may be subject to elevation, floodproofing, or mitigation requirements consistent with FEMA regulations, the 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 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

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

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

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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 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.

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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)¹² requirements apply to residential construction 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
- 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:

- DBRA (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 (FLSA) of 1938, as amended (29 USC 201 et seq.)

¹² <https://www.dol.gov/agencies/whd/government-contracts/construction>

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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 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 75¹³. 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 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

¹³ <https://www.ecfr.gov/current/title-24/part-75>

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- 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.

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

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- 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 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.

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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:

- 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.

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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.

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.

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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 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.

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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

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 City of Little Rock 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

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requested, and language assistance services are available for individuals with LEP 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 MANAGEMENT

4.8.1. 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, DOB analysis, affordability compliance, and project closeout.

In accordance with 2 C.F.R. § 200.334¹⁴ and 24 C.F.R. §§ 570.502¹⁵ and 570.506¹⁶, 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.

¹⁴ <https://www.ecfr.gov/current/title-2/section-200.334>

¹⁵ <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-J/section-570.502>

¹⁶ <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-J/section-570.506>

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4.8.2. Monitoring And Compliance

To ensure that CDBG-DR NAHCP 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:

- 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, CBDs) 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.

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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.

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.

For more detailed procedures, including risk assessment, corrective action protocols, and documentation standards, please refer to the CLR's Subrecipient Manual.

4.8.3. Timeliness of Expenditures

CDBG-DR staff will use regular monitoring and reporting to ensure that timeliness standards are met. The CDBG-DR Action Plan in DRGR will provide quarterly spending estimates and completion targets for each project. The CDBG-DR Division will track expenditure and completion targets monthly. At the time of each quarterly report in DRGR, the CDBG-DR Division will compare the actual expenditures and completion rates against the projected expenditures and completion within DRGR. The CDBG-DR Division will identify any discrepancies and report the findings to the Assistant Director. Where there are discrepancies, the CDBG-DR Division will work with contractors and sub-recipients to create a plan to return to the anticipated schedule or revise the schedule as necessary. Adjustments and revisions will be submitted to the Assistant Director for pre-approval before moving forward to the City's Board of Directors for final approval. Once approved, the adjustments and revisions will be entered into DRGR.

Where projects become stalled and will be unable to be completed in a timely manner, the CDBG-DR Division/Grants Management Division will reprogram funds to a different eligible activity within the current Action Plan. All revisions will be entered into DRGR by the CDBG-DR Division in the next quarter after the project/activity has been cancelled and funds have been identified.

All CDBG-DR funds in connection with 2023 disasters must be expended by September 30, 2030. All Subrecipient Agreements and Funding Agreements must expire no later than six (6) months before that date. Any contracts entered into by Developer/Vendor/Contractor in connection with CDBG-DR programs and projects must end no later than the expiration date of their respective Subrecipient Agreement or Funding Agreement. All programs and projects must be planned to ensure sufficient time to complete work and finish closeout within the time allotted.

Housing and Neighborhood Programs (HNP) CDBG-DR is responsible for ensuring that all invoices are submitted with sufficient time for final invoices to be paid prior to their funding expiration date. Final

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Invoices from contractors, vendors, Subrecipients, and Successful Applicants will not be paid for until the project, or program has completed all work and submitted all documentation. Final invoices for Subrecipients and Successful Applicants cannot be paid until all services and/or construction is reviewed and with final inspections passed.

HNP CDBG-DR will not approve and release funding for any final payments to Subrecipients or Successful Applicants for contractors or vendors until all deliverables are completed and required reporting documents are certified and received. Construction projects must be properly inspected prior to closing out the project and before the final payment request is made.

HNP CDBG-DR staff will use its regular monitoring and reporting processes to ensure that timeliness standards are met. This involves regular reconciliations of budgets and expenditures between HNP CDBG-DR staff and the Grants Management Division. In addition, both staff correspond regularly, and no funds are allocated, spent, or drawn down without both parties signing off on the appropriateness and allocability of the costs. All staff use Lawson to track budgets and expenditures, procurements, contracts and accompanying processes. DRGR will be used in conjunction with Lawson for management of these CDBG-DR funds.

HNP CDBG-DR staff and Grants Management Division will track expenditures (both actual and projected in the performance report) for all CDBG-DR projects on a monthly and quarterly basis. All invoices for expenditure will be accompanied by supporting documentation. Program Income will be received and reported monthly and will be used for eligible activities before any CDBG-DR funds are drawn.

All activity expenditures will be reviewed against those expenditures and outcomes included in the action plan and for those not moving on target or those that appear to be stalled, staff will take immediate steps to reprogram funds to activities that can move in a timely manner.

4.9. DUPLICATION OF BENEFITS (DOB)

The CLR follows HUD's standard DOB framework¹⁷ to ensure that CDBG-DR funds are not used to pay for costs that have been compensated by other sources. In accordance with federal law, a DOB analysis must be conducted prior to the commitment of CDBG-DR funds.

Because the NAHCP supports new residential development, DOB review applies at both the project level and, where applicable, the beneficiary level. For additional details, refer to the DOB Policy and Procedures Manual available on the [CLR CDBG-DR website](#).

¹⁷ <https://www.hudexchange.info/news/duplication-of-benefits-collection-policy/>

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4.9.1. Legal Authority

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155¹⁸) prohibits any person, business, or entity from receiving federal assistance for any portion of a loss that has already been compensated by another source.

In accordance with this requirement:

CDBG-DR funds may not be used to pay for costs already covered by insurance, FEMA, SBA, NFIP, or other federal, state, local, or private sources. A DOB occurs when total disaster-related assistance exceeds the total verified eligible need.

4.9.2. Project-Level Duplication of Benefits Review

For NAHCP development projects, the City will review all sources of funding included in the project's sources and uses statement to ensure that CDBG-DR funds are not duplicating other disaster recovery funds.

The DOB review will evaluate:

- Total development cost and verified eligible need;
- All sources of public and private funding;
- Disaster-related assistance received for the same purpose;
- Any proceeds from insurance, FEMA, SBA, or other recovery programs used toward the project.

CDBG-DR funds will only be awarded for the portion of eligible development costs, not otherwise covered by other sources. If other disaster recovery funds are available and designated for the same costs, CDBG-DR assistance will be reduced accordingly.

The City will reassess unmet need at key project milestones, including prior to funding commitment, during construction (if material changes occur), and prior to final disbursement, to ensure that CDBG-DR assistance continues to reflect only remaining eligible unmet need. Adjustments to the award amount may be made as necessary to prevent DOB.

4.9.3. Beneficiary-Level Duplication of Benefits Review

For single-family units sold to homebuyers and for any direct household assistance provided under NAHCP, CLR will conduct a DOB review prior to closing or occupancy.

¹⁸ [https://uscode.house.gov/view.xhtml?req=\(title:42%20section:5155%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:42%20section:5155%20edition:prelim))

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Households must disclose all disaster-related assistance received, including but not limited to FEMA, SBA, insurance settlements, NFIP proceeds, and other recovery grants or loans. CLR will verify this information through available data sources and certifications.

If a household has received disaster-related assistance intended for housing repair, replacement, or reconstruction and those funds were not used for their intended purpose, the City may adjust assistance or require repayment in accordance with federal guidance.

4.9.4. Applicant and Developer Responsibilities

To prevent DOB, applicants and development entities must disclose all disaster-related assistance and all sources of funding associated with the project. CLR may verify this information through FEMA, SBA, NFIP, or other data-sharing agreements as permitted by law.

All developers and beneficiaries must execute a DOB Certification acknowledging their responsibility to repay any duplicative assistance received after CDBG-DR funds are awarded.

4.9.5. Review and Calculation

CLR staff will use HUD-approved DOB review procedures to:

- Assess total verified eligible need;
- Identify all disaster-related assistance received;
- Exclude non-duplicative funds; and
- Calculate the final eligible CDBG-DR award amount.

If a duplication is identified prior to award, the CDBG-DR assistance amount will be reduced. If a duplication is identified after award, CLR may require repayment or other corrective action.

4.9.6. Post-Award Monitoring

CLR reserves the right to monitor recipients and projects following award to ensure that additional disaster-related assistance has not been received for the same eligible costs.

All DOB documentation will be maintained in the official project file in accordance with federal record retention requirements.

4.9.7. 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.

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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 §§ 200.318–327¹⁹ 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.

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, and all required federal provisions, including but not limited to Section 3, Build America Buy America (BABA), Davis-Bacon, and other applicable cross-cutting requirements.

Under the Housing Programs, 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

The NAHCP is established to address documented unmet affordable housing needs within the CLR that were exacerbated by the March 31, 2023, tornado (DR-4698). Prior to the disaster, the City faced a

¹⁹ <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.318>

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shortage of affordable housing, which was intensified by storm-related destruction and increased demand for remaining units.

The NAHCP fills recovery gaps where rehabilitation and reconstruction activities alone are insufficient by supporting the development of newly constructed affordable housing units within the HUD-designated MID area, which includes the entire CLR.

Under this program, the City will support the construction of:

- Single-family housing, defined as detached residential structures designed for occupancy by one household and intended for long-term residential use;
- Small rental housing, generally consisting of two (2) to four (4) residential units under common ownership; and
- Multifamily housing consists of five (5) or more residential units under common ownership or management within one or more buildings on a unified site.

The purpose of the NAHCP is to increase the long-term supply of safe, resilient, and affordable housing units for income-eligible households, including LMI households. Units developed under this program must be sold or leased at affordable rates to households meeting program income requirements.

The City will provide financial assistance to qualified developers in the form of a subsidy or loan to support acquisition and new construction activities. Housing may be developed on City-owned land, City-acquired property, or other eligible sites located within the MID area.

All NAHCP activities must demonstrate tie-back to DR-4698, address documented unmet housing need, meet a HUD National Objective, and comply with applicable environmental, accessibility, resiliency, and affordability requirements under the HUD Universal Notice and related federal regulations.

5.2. NATIONAL OBJECTIVE

All activities funded under the NAHCP shall meet a CDBG-DR National Objective in accordance with Section 105(c) of the Housing and Community Development Act of 1974²⁰, as amended, 24 CFR § 570.208²¹, applicable waivers and alternative requirements, and the HUD-approved CDBG-DR Action Plan.

The National Objective of the NAHCP is to:

- Benefit LMI persons; or

²⁰ <https://www.govinfo.gov/content/pkg/COMPS-10382/pdf/COMPS-10382.pdf>

²¹ <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-C/section-570.208>

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- Address an Urgent Need (meeting a need having a particular urgency).

5.2.1. Low- and Moderate-Income (LMI) Housing National Objective

The primary National Objective for the NAHCP is to benefit LMI persons through the provision of affordable housing.

- An activity qualifies under the LMI Housing National Objective when:
- Housing units are made available to households whose income does not exceed the applicable HUD income limits; and
- The assisted units are occupied by income-eligible households in accordance with program requirements.

For purposes of this program, household income must be at or below the income limits established in the HUD-approved Action Plan, not to exceed 120 percent of AMI, as adjusted for household size.

Income eligibility shall be determined and documented in accordance with program income determination procedures. The City shall maintain documentation in the project file sufficient to demonstrate that each assisted unit meets the LMI Housing National Objective at the time of occupancy.

Where required, the City shall ensure compliance with ongoing affordability requirements to maintain continued LMI benefit.

5.2.2. Urgent Need National Objective

The City may qualify activities under the Urgent Need National Objective when necessary to address conditions resulting from the qualifying disaster (DR-4698 – March 31, 2023, tornado) that pose a serious and immediate threat to the health or welfare of the community.

When using the Urgent Need National Objective, the City must provide justification that certifies the urgency of the condition. The City must document that the project is urgent because of an existing condition that poses a serious and immediate threat to the health or welfare of the community and must indicate that no other financial resources are available to address the condition.

Urgent Need Certification and Documentation Requirements

When the City elects to qualify an activity under the Urgent Need National Objective, the following requirements shall apply:

1. Written Certification

Prior to committing CDBG-DR funds, the City shall prepare a written certification confirming that:

- A serious and immediate threat to the health or welfare of the community exists;

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- The condition resulted from or was exacerbated by the qualifying disaster (DR-4698);
- The condition is of recent origin or recently became urgent;
- The City is unable to finance the activity on its own; and
- No other financial resources are available to adequately address the identified need.

This certification shall be signed by an authorized City official and maintained in the official project file.

2. Documentation of Serious and Immediate Threat

The City shall maintain objective documentation demonstrating that the condition addressed by the activity poses a serious and immediate threat. Documentation may include, but is not limited to:

- Damage assessments or inspection reports;
- Engineering or structural evaluations;
- Public safety or code enforcement reports;
- Housing condition surveys;
- Photographic evidence;
- Documentation of unsafe or uninhabitable conditions; or
- Other supporting evidence demonstrating risk to health or welfare.

Lack of Other Financial Resources

The City shall document that other financial resources are not available or are insufficient to address the identified need. Supporting documentation may include:

- FEMA Individual Assistance or Public Assistance data;
- SBA loan data;
- Insurance claim data;
- Funding gap analyses;
- Evidence of municipal budget limitations; or
- Demonstration that available funding sources do not fully address the condition.

All Urgent Need activities shall also comply with DOB requirements. See DOB section for more details.

Disaster Tie-Back Requirement



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All activities qualified under either the LMI Housing or Urgent Need National Objective must demonstrate a clear tie-back to the qualifying disaster event.

The City shall document how the activity addresses unmet housing needs resulting from DR-4698 and how the activity contributes to long-term recovery, restoration, or resilience consistent with the HUD-approved Action Plan.

Tie-back documentation shall reference the Unmet Needs Assessment and Mitigation Needs Assessment contained in the Action Plan and shall be maintained in the project file.

5.3. ELIGIBLE ACTIVITIES

Eligible activities are specific to each program but generally include:

- Acquisition of real property for development of affordable housing;
- New construction of affordable single-family or multifamily housing units;
- Demolition and clearance of blighted structures to prepare sites for new construction;
- Site preparation and related eligible development costs;

All activities must:

- Demonstrate tie-back to the March 31, 2023, tornado (DR-4698);
- Address documented unmet housing need;
- Meet a HUD National Objective (LMI Benefit or Urgent Need, where justified);
- Avoid DOB;
- Comply with 2 CFR Part 200 cost principles²².

New construction of rental buildings containing five (5) or more units must include broadband infrastructure unless documented as infeasible in accordance with HUD requirements.

All activities are authorized under HCDA Sections 105(a)(1), 105(a)(4), and 105(a)(7); 24 CFR 570.201; 24 CFR 570.202; and applicable federal guidance or waiver authority.

5.4. INELIGIBLE ACTIVITIES

The following activities are not eligible under the NAHCP:

- Activities not tied to DR-4698 or documented unmet housing need;

²² <https://www.ecfr.gov/current/title-2/part-200>

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- Construction of non-residential structures;
- Development of units not intended for long-term residential occupancy;
- Luxury features or upgrades not necessary for code compliance, durability, or resiliency;
- Costs already paid for by insurance, FEMA, SBA, or other sources (DOB);
- Projects located outside the HUD-designated MID area;
- Activities that do not meet a HUD National Objective;
- Acquisition or development of second homes or investment properties not serving income-eligible households;
- Purchase of bonds, stock, or other financial instruments;
- Refinancing of existing debt;
- Delinquent property taxes not addressed in accordance with program policy;
- Costs prohibited under 24 CFR 570.207 or 570.482(e);
- Costs that fail to meet federal allowability standards under 2 CFR Part 200, Subpart E.

All expenditures must be necessary, reasonable, allocable, and directly related to approved NAHCP activities. Funds may only be used for eligible recovery purposes consistent with Title I of the Housing and Community Development Act and the HUD Universal Notice.

5.5. PROGRAM STANDARDS

The CLR's CDBG-DR NAHCP provides financial assistance to qualified development partners for the construction of new affordable housing units within the HUD-designated MID area.

All activities funded under this program must comply with the Housing and Community Development Act (HCDA), applicable Federal Register Notices including the HUD Universal Notice, 24 CFR Part 570 (as modified by waiver), 2 CFR Part 200, and all other applicable federal, state, and local requirements.

The type and level of assistance provided will be determined through underwriting, subsidy layering review, feasibility analysis, and compliance with the standards outlined below.

Development and Construction Standards

All housing units constructed under the NAHCP must:

- Be newly constructed residential units (single-family, small rental, or multifamily);
- Be located within the HUD-designated MID area CLR;
- Be intended for long-term residential occupancy;

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- Be designed and built in compliance with:
 - Arkansas State Building Code;
 - Local zoning and land use requirements;
 - HUD environmental review requirements ([24 CFR Part 58](#));
 - Floodplain management requirements ([24 CFR Part 55](#));
 - Federal accessibility requirements, including Section 504 of the Rehabilitation Act, the Fair Housing Act, and ADA standards, where applicable;
 - Incorporate cost-effective resiliency and mitigation measures.

The Program does not fund luxury construction or non-essential upgrades. Materials and finishes must be durable, cost-effective, and consistent with industry standards for quality affordable housing development. Construction may not begin until environmental clearance is complete and a Notice to Proceed has been issued by the City.

Unit Configuration and Quality Standards

All newly constructed units must:

- Meet or exceed HUD Decent, Safe, and Sanitary (DSS) standards;
- Meet Housing Quality Standards (HQS), where applicable;
- Include permanent utility connections (water, sewer, electric, HVAC);
- Be constructed using durable, cost-effective materials consistent with affordable housing development standards;
- Meet life safety and structural integrity requirements.

The Program does not provide luxury-grade construction or premium upgrades. Materials and finishes must be appropriate for long-term affordable housing use.

Manufactured housing units are permitted only when:

- Installed on a permanent foundation;
- Compliant with HUD manufactured housing construction standards;
- Allowed under local zoning regulations.

Appliances and Ineligible Items

Standard household appliances may be included when necessary to ensure units are complete and ready for occupancy.

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Eligible appliances may include:

- Refrigerator
- Stove and/or oven
- Range hood or ventilation system
- Dishwasher (for rental developments, where customary)

All appliances must:

- Be standard, mid-grade quality appropriate for affordable housing;
- Be EnergyStar® rated, where available and cost-effective;
- Be included in the approved development budget and underwriting review;
- Be consistent across comparable unit types within a development.

The Program does not fund luxury or specialty appliances. Ineligible items include commercial-grade appliances, smart premium packages, specialty refrigeration units, built-in coffee systems, and other non-essential enhancements.

Washer and dryer units are not eligible unless specifically approved by the City as part of a standardized development model and determined reasonable and necessary.

All appliance costs must comply with federal cost reasonableness standards under 2 CFR Part 200.

Broadband Infrastructure Requirement

For rental developments containing five (5) or more dwelling units, broadband infrastructure must be installed unless the City determines and documents that installation is infeasible due to structural limitations, location constraints, or undue financial burden.

Energy Efficiency and Resilience

All new construction must incorporate mitigation and resilience features designed to reduce future disaster risk. Eligible measures may include:

- Wind-resistant roofing systems;
- Enhanced roof strapping;
- Elevation of structures in flood-prone areas;
- Protection or elevation of mechanical and electrical systems;
- Energy-efficient building systems and materials.

Resilience measures must be cost-effective and proportionate to overall project scope.

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Environmental Health and Safety Compliance

All projects must comply with:

- Section 106 of the National Historic Preservation Act, where applicable;
- Lead-based paint regulations, where demolition or site conditions require evaluation;
- Asbestos testing and mitigation requirements;
- Radon mitigation standards, where applicable;
- All environmental review conditions and mitigation measures.

No construction activity may proceed prior to environmental clearance.

Floodplain Standards

For properties located in a SFHA:

- Structures must be elevated at least two (2) feet above BFE, or higher if required by local ordinance;
- Elevation certificates must be obtained when required;
- All floodplain development standards must be met.

Affordability and Income Compliance

All newly constructed units must:

- Be sold or leased to income-eligible households at or below 120 percent AMI (subject to waiver approval);
- Meet applicable HUD National Objective requirements;
- Be subject to recorded affordability restrictions, where required;
- Comply with affordability periods established by the City and consistent with HUD requirements.

Rental developments containing five (5) or more units must meet minimum affordability periods consistent with CDBG-DR affordability standards unless otherwise approved by HUD.

The City will monitor income eligibility and affordability compliance throughout the required affordability term.

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.

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- 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

Allowable Development Costs

Eligible costs may include:

- Acquisition of real property;
- Site preparation, grading, and demolition;
- Construction labor and materials;
- Utility installation and connection;
- Architectural, engineering, and inspection services;
- Environmental compliance costs;
- Mitigation measures;
- Accessibility modifications;
- Other reasonable and necessary costs directly related to approved new construction.

All costs must be:

- Necessary;
- Reasonable;
- Allocable;
- Compliant with 2 CFR Part 200;
- Consistent with the approved underwriting and subsidy layering analysis.

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The City reserves the right to disallow costs that exceed reasonable market standards for affordable housing construction.

5.6. APPLICANT ELIGIBILITY REQUIREMENTS

This section establishes eligibility standards for Applicants, Projects, and End Beneficiaries under the NAHCP. These requirements are designed to ensure that CDBG-DR funds are awarded only to qualified entities and projects capable of delivering compliant, financially feasible, and disaster-responsive affordable housing within the HUD-designated MID area.

Eligibility determinations under this program occur at three levels:

- Applicant Eligibility - The development entity applying for funds (when the developer-led model is used);
- Project Eligibility - The proposed housing development;
- Beneficiary Eligibility - The income-qualified household occupying the completed unit.

All applicable levels must meet program requirements prior to commitment of funds.

Meeting minimum eligibility requirements does not guarantee funding. All awards remain subject to underwriting, subsidy layering review, environmental clearance under 24 CFR Part 58, procurement compliance, and availability of funds.

1.1.2. Implementation Structure

CLR may implement NAHCP projects through one of the following structures:

Direct Implementation Model

Under this model, the City:

- Acquires land or utilizes City-owned property;
- Conducts environmental review as the RE;
- Procures contractors through competitive bidding in accordance with City and federal procurement requirements;
- Manages construction activities;
- Pays contractors directly;
- Enforces affordability, income eligibility, and compliance requirements.

Contractors selected under this model are considered vendors and are not Applicants under this section.

Developer-Led Model (When Applicable)



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When appropriate, the City may issue a competitive solicitation for proposals from qualified development entities.

Under this model:

- The selected development entity is the Applicant;
- The City enters into a Development Agreement or Funding Agreement;
- The Applicant is responsible for project execution;
- The City conducts underwriting, subsidy layering review, environmental clearance, and compliance monitoring;
- Affordability restrictions are recorded and enforced for the required compliance period.

The City reserves the right to determine the most appropriate implementation model for each project based on site conditions, funding structure, market capacity, timeline considerations, and risk assessment.

1.1.3. Eligible Applicants (Developer-Led Model Only)

When the Developer-Led Model is utilized, eligible Applicants may include:

- For-profit housing developers;
- Non-profit housing developers;
- Community-Based Organizations (CBOs) with demonstrated development capacity.

Individuals applying in a personal capacity are not eligible to receive direct funding under this program.

Applicants must:

- Be legally organized and authorized to conduct business in the State of Arkansas;
- Be in good standing with the Arkansas Secretary of State;
- Possess the authority to enter into binding agreements;
- Not be suspended or debarred from participation in federally funded programs;
- Demonstrate sufficient organizational capacity to undertake the proposed development.

The City will evaluate development experience, financial feasibility, cost reasonableness, readiness to proceed, and compliance history prior to award.

The City reserves the right to determine whether a project will proceed under direct implementation or a developer-led model based on risk, complexity, capacity, timeline, and market conditions. The

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

1.1.4. Eligibility Determination and Application Process

The CLR will determine eligibility for projects under the NAHCP through a structured project-based review process. This program supports the development of new single-family, small rental, and multifamily housing units within the HUD-designated MID area. Eligibility is determined through full project evaluation following submission of a complete proposal (for developer-led projects) or internal project documentation (for City-led projects).

Advancement through any stage of review does not constitute a commitment of funds.

No CDBG-DR funds may be committed, and no construction activity may begin prior to completion of environmental review in accordance with 24 CFR Part 58 and execution of a written agreement.

Developer-Led Projects (Competitive, Project-Based Model)

When the City elects to implement NAHCP through a developer-led model, funding will be awarded through a competitive solicitation process consistent with City procurement policies

Eligible Applicants may include:

- For-profit developers
- Non-profit developers
- Community-Based Organizations (CBOs)
- Joint ventures or special purpose entities

Applications must be complete and responsive to the solicitation. Eligibility review includes verification of:

- Legal organizational status and good standing
- Demonstrated development capacity and experience (relevant to single-family, small rental, or multifamily construction)
- Site control
- Project location within the MID area
- Consistency with the HUD-approved Action Plan
- Tie-back to unmet housing needs resulting from DR-4698
- National Objective compliance
- Development budget and financial feasibility

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- Cost reasonableness
- Subsidy layering review
- Absence of DOB
- Section 3 and Davis-Beacon applicability and compliance planning, where thresholds are met

Projects may include:

- Construction of new single-family homes for sale;
- Development of small rental properties;
- Construction of multifamily housing developments.

Incomplete or non-responsive applications may be rejected.

City-Led Projects (Direct Implementation Model)

For projects implemented directly by the City:

- The Department will develop a scope of work for the applicable housing type (single-family, small rental, or multifamily);
- A requisition will be entered consistent with City procurement requirements
- A competitive solicitation (ITB, RFP, or other method) will be conducted when required by cost thresholds;
- Contractors must meet licensing, bonding, and insurance requirements consistent with the City's ITB standards
- Contractor eligibility, including verification of no suspension or debarment (SAM), will be confirmed prior to award.

Eligibility determinations for City-led projects will include:

- Verification of site eligibility within the MID area;
- Confirmation of disaster-related unmet housing need;
- National Objective determination;
- Cost reasonableness analysis;
- Environmental review clearance;
- Section 3 and Davis-Beacon applicability determination
- Affordability structure and income targeting plan.

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All documentation will be maintained in the project file.

1.1.5. Occupancy Requirements

Projects funded under the NAHCP must comply with occupancy, affordability, and timing requirements established by the HUD-approved Action Plan and applicable federal regulations.

Owner-Occupied Units (Single-Family Homes for Sale)

For single-family homes developed for sale:

- The home must be sold to an income-eligible household (≤ 120 percent AMI, or as defined by program guidelines);
- The purchaser must occupy the unit as their primary residence;
- The property may not be used as a second home, vacation property, or investment property;
- Affordability restrictions shall be enforced through a recorded deed restriction, covenant, or other legally enforceable instrument.

The primary residence requirement applies at the time of occupancy and throughout the applicable affordability period.

Rental Units (Small Rental and Multifamily)

For rental housing developments:

- Units must be leased to income-eligible households;
- Units must be used as long-term residential housing;
- Units may not be used for short-term rental, vacation rental, or transient lodging;
- Rent limits must comply with applicable HUD or program-defined standards;

Affordability restrictions shall be recorded and enforced for the required affordability period.

1.1.6. Long-Term Rental Use and Compliance Requirements

For any property receiving assistance under the City's CDBG-DR NAHCP as rental housing (including single-family rental units, small rental properties, or multifamily developments) the Applicant must demonstrate that the assisted units will be operated as long-term residential rental housing. Assisted units may not be used for vacation rentals, seasonal occupancy, short-term leasing, transient lodging, or any other use inconsistent with permanent residential occupancy.

Because this program supports new construction, units will typically not be leased at the time of award. Therefore, the owner must certify in writing that, upon completion of construction, the assisted units will be marketed and leased as long-term residential rental housing and will be leased

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only to income-eligible households in accordance with Program requirements. This certification will be incorporated into the Agreement and will be binding upon the owner.

To ensure continued compliance, the City will require execution and recording of a legally enforceable instrument, such as a deed restriction, land use covenant, or similar recorded agreement. This recorded instrument will require the property to remain in long-term residential rental use for the full affordability period and will include applicable income targeting and rent limitation requirements as established by the Program. The recorded restriction will run with the land and will be enforceable by the City for the duration of the affordability period.

Throughout the affordability period, the property owner must lease assisted units only to income-eligible households, maintain rents in compliance with applicable HUD and Program limits, comply with all federal Fair Housing and nondiscrimination requirements, and maintain the property in safe, sanitary, and habitable conditions. The owner must also maintain documentation sufficient to demonstrate ongoing compliance with income eligibility, rent limits, and occupancy requirements.

The City will monitor compliance throughout the affordability period. Owners will be required to submit annual rent rolls, current lease agreements, tenant income documentation for assisted units, and any additional documentation necessary to verify continued compliance. The City may conduct desk reviews and on-site monitoring to verify occupancy, rent levels, and adherence to Program requirements.

Failure to maintain long-term residential rental use, comply with income or rent restrictions, adhere to affordability requirements, or provide required documentation may result in enforcement action, including repayment of assistance or other remedies as permitted under the Development Agreement and recorded affordability instrument.

5.7. PROPERTY ELIGIBILITY REQUIREMENTS

1. Location

Eligible properties must be located within the CLR, which HUD has designated in its entirety as a MID Eligible properties must be located within the municipal boundaries of 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 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 clear tie-back to disaster-related impacts and recovery needs as defined in the Action Plan. Tie-back for new construction may be demonstrated through documented housing loss, displacement, increased housing demand, or other measurable unmet housing needs attributable to the disaster.

Properties located within a SFHA or subject to the [Federal Flood Risk Management Standard \(FFRMS\)](#) may be eligible provided the project complies with all applicable environmental review requirements,

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floodplain management standards, elevation requirements, mitigation measures, and flood insurance obligations in accordance with federal, state, and local regulations.

2. Eligible Structures (Property Type)

Eligible structures under the NAHCP 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 NAHCP 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;
- 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 developments may be eligible when the residential portion constitutes more than fifty-one percent (51%) of the total structure and the development complies with applicable zoning and Program requirements. CDBG-DR assistance will be limited strictly to eligible residential portions of the property.

The number of units permitted on a single parcel must comply with local zoning and land use regulations. All new construction must be completed under valid permits issued by the appropriate code compliance authority and must meet all applicable building codes, accessibility standards, and federal requirements.

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Where required, surveys, subdivision actions, title corrections, or zoning approvals must be completed prior to commitment of funds. Responsibility for such actions shall rest with the development entity unless otherwise provided in the Program guidelines.

3. Ineligible property types/uses include:

- Second homes
- Vacation homes
- Seasonal residences
- Short-term rental properties
- Non-residential or primarily commercial structures
- Common areas such as clubhouses, recreational facilities, administrative buildings, or similar non-dwelling structures

4. Ineligible Applicants and Properties

Projects or applicants are ineligible if the proposed development does not demonstrate a tie-back to disaster-related unmet housing need resulting from DR-4698; if required documentation cannot verify site control, legal authority, financial feasibility, income targeting structure, or compliance with Program requirements; if the property is located outside the designated MID area; or if required contractors are not properly licensed, bonded, and insured in accordance with applicable law and City procurement requirements.

Projects that fail to comply with environmental review requirements, floodplain regulations, federal accessibility standards, Fair Housing requirements, or other applicable federal, state, or local laws shall not be eligible for assistance.

5.8. HUD INCOME LIMITS

The CLR NAHCP applies HUD-published household income limits to determine beneficiary eligibility. HUD publishes income limits annually based on Area Median Income (AMI) by household size and county.

For NAHCP, household eligibility is based on the income thresholds established in the HUD-approved Action Plan. Unless otherwise specified in Program Guidelines, assisted households must have incomes at or below one twenty percent (120 percent) of AMI at the time of eligibility determination. Where required to meet the LMI Housing (LMH) National Objective, specific units may be restricted to households at or below eighty percent (80%) of AMI.

The Program will use the HUD income limits in effect at the time a household's income is verified. Income limits will not be applied retroactively to previously approved households. Program staff will update income tables annually upon HUD's publication of revised limits.

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

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

1.1.7. Income Determination

Income eligibility must be determined prior to award of assistance or occupancy of an assisted unit. For owner-occupied units, income must be verified prior to execution of the purchase or assistance agreement. For rental developments, income must be verified prior to initial lease-up of assisted units.

Household income will be calculated using one of the following HUD-acceptable methods, as established in Program policy:

- [HUD Annual \(Part 5²³\)](#) 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 all income sources. Sufficient third-party documentation must be collected to support the income determination. Documentation may include pay statements, tax returns, benefit letters, bank statements, employer verifications, or other verifiable records.

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

1.1.8. Timing of Income Verification

Income eligibility must be confirmed prior to execution of a purchase agreement (for owner units) or prior to initial occupancy (for rental units). If assistance is not closed or occupancy does not occur within the timeframe established by Program policy, the City may require updated income documentation to confirm continued eligibility.

For rental developments subject to ongoing income restrictions, income recertification requirements will be governed by the recorded affordability instrument and Program Guidelines.

1.1.9. Ongoing Compliance

For owner-occupied units subject to an affordability period, the assisted property must remain the homeowner's principal residence for the duration of the affordability term. The homeowner may not use the property as a second home, rental property, or short-term rental during the affordability period unless otherwise permitted under Program Guidelines.

²³ 24 CFR §5.609

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For rental properties subject to an affordability period, assisted units must be leased to income-eligible households and maintained in compliance with applicable income and rent limits throughout the affordability term.

The City will maintain documentation sufficient to demonstrate that:

- The assisted household met applicable income requirements at the time of award or initial occupancy;
- The property met applicable occupancy requirements; and
- Any ongoing certifications required during the affordability period are retained in the Program file.

Failure to maintain income eligibility or occupancy compliance during the affordability period may result in enforcement action in accordance with the recorded affordability instrument.

5.9. AFFORDABILITY PERIOD

All units assisted under the NAHCP shall be subject to an affordability period to ensure long-term benefit to income-eligible households within the HUD-designated MID area.

The affordability period begins upon issuance of the Certificate of Occupancy or other written confirmation of project completion by the City. Affordability requirements differ by tenure, as outlined below.

5.9.1. Owner-Occupied New Construction

Owner-occupied single-family units constructed under the NAHCP shall be subject to a seven (7) year affordability period. During the seven (7) year affordability period:

- The assisted unit must remain the homeowner's principal residence.
- The property may not be converted to rental, commercial, or short-term rental use.
- The property may not be sold, transferred, or encumbered in violation of Program requirements.
- The homeowner must remain in compliance with all material Program conditions.

Affordability shall be secured through execution and recording of a Deed Restriction, Mortgage, Deed of Trust, Promissory Note, or other legally enforceable instrument as determined by the City. The recorded instrument shall remain in effect for the full seven (7) year term and shall run with the land.

Grant forgiveness shall occur on a straight-line basis over the seven (7) year affordability period. Each full year of verified compliance shall result in forgiveness of an equal portion of the original assistance amount. If noncompliance occurs during the affordability term, the City may recapture the remaining

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unforgiven portion of assistance in accordance with the recorded agreement and Program recapture provisions.

Upon successful completion of the seven (7) year affordability period and verification of compliance, the City shall release the recorded affordability instrument.

Table 3. Summary of Affordability Requirements

Activity Type	Affordability Period	Enforcement Method
Owner-Occupied New Construction	7 Years	Recorded Deed Restriction/Mortgage/Covenant

Recapture Requirements

If, during the seven (7) year affordability period, the property is sold, transferred, converted to rental use, abandoned, no longer used as the homeowner's principal residence, or determined to be in material noncompliance with Program requirements, the City shall recapture the remaining unforgiven portion of the CDBG-DR assistance.

The recapture amount shall be calculated on a straight-line basis and shall equal the remaining unamortized portion of the original assistance amount.

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

The net proceeds limitation shall not apply in cases involving fraud, material misrepresentation, or intentional misuse of funds. In such cases, 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 involving:

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

All exceptions must be reviewed, documented, and approved in writing in accordance with Program procedures.

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Completion of Affordability

Upon expiration of the seven (7) year affordability period and verification of compliance, the City shall issue written confirmation of grant completion and release the recorded affordability instrument.

5.9.2. Rental Housing (Small Rental and Multifamily)

Rental units developed under NAHCP, including small rental (1–4 units) and multifamily (5 or more units), shall be subject to a minimum fifteen (15) year affordability period.

During the fifteen (15) year affordability period:

- Assisted units must be leased only to income-eligible households.
- Rents must remain within Program-established limits.
- Units must be operated as long-term residential rental housing.
- Units may not be converted to short-term rental, seasonal occupancy, or transient lodging.
- The property must remain in compliance with all applicable federal requirements, including Fair Housing and nondiscrimination standards.
- Maintain the property in safe, sanitary, and habitable condition.

Affordability shall be enforced through a recorded land use covenant, deed restriction, or similar legally binding instrument. The recorded instrument shall run with the land and remain in effect for the full fifteen 15 to 20-year term.

Failure to maintain affordability compliance may result in enforcement action, repayment of assistance, or other remedies permitted under the Development Agreement and recorded instrument.

Table 4. Summary of Rental Affordability Requirements

Activity Type	Affordability Period	Enforcement Method
Rental Development (1-4 units)	15 Years	Recorded Deed Restriction/Mortgage/Covenant/Recorded Land Use
Rental Development (5+ units)	20 Years	Recorded Deed Restriction/Mortgage/Covenant/Recorded Land Use

For rental units, including developments of five (5) or more units, “affordable rents” shall be defined in accordance with HUD requirements and Program Guidelines and shall not exceed the lesser of: (1) HUD Fair Market Rent (FMR) for the applicable unit size, adjusted for utility allowances; or (2) rent levels affordable to households at the designated income limit (e.g., 80 percent of AMI), based on the standard that housing costs do not exceed 30 percent of gross household income.

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For multifamily developments consisting of five (5) or more units, the City will establish and enforce project-specific rent schedules and income limits at the time of underwriting. These requirements will be documented in the Development Agreement and recorded affordability instrument and will remain in effect for the full twenty (20) year affordability period.

The City will monitor compliance with affordability requirements for rental projects of five (5) or more units on an ongoing basis, which may include annual income certification of tenants, rent reviews, and periodic property inspections to ensure continued compliance with rent limits, occupancy requirements, and property standards.

Failure to maintain affordability compliance may result in enforcement action, repayment of assistance, or other remedies permitted under the Development Agreement and recorded instrument.

Noncompliance and Enforcement

If the property owner fails to comply with affordability, income, rent, occupancy, or federal requirements during the affordability period, the City may pursue enforcement actions including, but not limited to:

- Requiring corrective action within a specified timeframe;
- Withholding future disbursements;
- Declaring a default under the Development Agreement;
- Requiring repayment of CDBG-DR assistance;
- Enforcing remedies available under the recorded affordability instrument;
- Pursuing legal action as permitted by law.

In the event of sale or transfer of the property during the affordability period, the affordability restrictions shall remain in effect and must be assumed by the subsequent owner.

Failure to ensure assumption of affordability obligations may constitute a default and may trigger repayment requirements.

5.10. MAXIMUM AMOUNT OF ASSISTANCE PER PROJECT

The CLR has established maximum assistance limits for housing activities funded under NAHCP. These limits are intended to ensure that CDBG-DR funds are used in a cost-effective, equitable, and compliant manner while addressing documented unmet housing needs resulting from DR-4698.

All assistance amounts are subject to the funding levels and limitations established in the HUD-approved Action Plan and this Program Manual.

Total funding available for new construction 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.

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5.10.1. NAHCP – Owner-Occupied Units

Maximum Assistance per Project

- The maximum amount of assistance available under NAHCP is \$400,000 per assisted property.
- This cap includes all eligible costs necessary to complete the approved scope of work, including hard and soft construction costs, mitigation, elevation, and required compliance activities.

Exceptions to NAHCP Maximum Assistance

The City may approve assistance amounts above the standard NAHCP maximum on a case-by-case basis when necessary to comply with federal or state accessibility requirements or to reasonably accommodate a person with a documented disability. Any approved exception must be fully documented, justified, and approved in accordance with City procedures and HUD requirements.

5.10.2. 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 new construction activities must meet:

- Current local building codes
- Applicable international building standards
- HUD-required safety and durability standards
- Any City-adopted property and occupancy standards

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Feasibility Requirements:

Projects must be:

- Structurally feasible
- Capable of meeting minimum standards upon completion
- Cost reasonable
- Appropriate to documented unmet housing need resulting from DR-4698.

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. 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.
- **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.

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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 §§ 200.318–327²⁴.

For City-administered new construction owner occupied projects, potential 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.

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

6.3. CONSTRUCTION STANDARDS AND OVERSIGHT

1.1.10. 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
- 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.

²⁴ <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.318>

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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.

1.1.11. 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 scope of work, 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.

City staff, including the assigned City inspector, will support beneficiaries throughout construction by verifying work through inspections, documenting deficiencies, issuing corrective action notices, and assisting in addressing contractor performance issues, including poor-quality work or suspected fraud. City staff may also provide guidance on filing complaints, understanding warranty obligations, and escalating unresolved issues in accordance with program requirements.

Inspection documentation must include:

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

Inspection records will be maintained in the official project file and used to support payment approval, compliance verification, and program monitoring.

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No payments will be issued until the City verifies, through inspection and documentation, that completed work meets required standards and all applicable codes, standards, and program requirements.

1.1.12. 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.

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.

1.1.13. 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.

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1.1.14. 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.

1.1.15. 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
- 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.

Advance payments to contractors are prohibited unless specifically authorized under federal regulations.

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.

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7. GENERAL ELIGIBILITY REQUIREMENTS

7.1. PROPERTY AND ASSISTANCE STANDARDS

All properties assisted under the NAHCP 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.

7.2. 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.

1.1.16. 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.

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7.2.1. Climate Resilience and Hazard Mitigation

Consistent with the City’s HUD-approved CDBG-DR Action Plan and the Pulaski County Hazard Mitigation Plan²⁵, housing recovery activities will incorporate mitigation strategies intended to 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 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.

7.2.2. 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.

²⁵ <https://www.capdd.org/post/pulaski-county-hazard-mitigation-plan-approved-by-fema>

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- **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.
- **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)

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.

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

The CLR will safeguard all personally identifiable information (PII) collected in connection with CDBG-DR activities. Access to applicant and beneficiary information shall be limited to authorized personnel with a legitimate program-related need.

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Program files containing PII will be maintained in secure electronic systems and, where applicable, in secured physical storage locations. Electronic records must be protected in accordance with City cybersecurity standards, including access controls, password protection, and data backup protocols. Documents containing sensitive information shall not be transmitted through unsecured methods.

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

7.4. PROGRAM TRANSPARENCY, OUTREACH, AND TIMELINESS

7.4.1. Timeliness and Performance Tracking

CDBG-DR Housing activities must be implemented in a timely manner consistent with federal grant requirements and the City's HUD-approved Action Plan. The City will monitor performance through internal reporting, DRGR data entry, construction progress inspections, obligation tracking, and expenditure analysis. CLR will monitor its expenditures and outcomes against projections in order to ascertain program impact on the MID area.

Applicants, contractors, and subrecipients are required to meet established milestones for initiation, construction progress, and completion. Failure to demonstrate reasonable progress may result in corrective action, modification of scope, withholding of payment, or reallocation of funds.

7.4.2. Marketing and Outreach

The City will conduct outreach to inform community members impacted by the March 31, 2023, tornado of available CDBG-DR Housing Programs. Outreach strategies may include public notices, community meetings, website postings, printed materials, direct engagement with neighborhood associations, social media platforms, and coordination with community-based partners.

The City will use its official website and social media platforms, such as Facebook and other digital communication channels, to alert residents when applications for housing programs open, when application deadlines are approaching, and when public hearings or community meetings related to CDBG-DR plans or projects are scheduled. These platforms will also be used to provide updates on program availability, application procedures, and opportunities for public participation.

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

Special outreach efforts will focus on reaching:

- LMI households

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- Racial and ethnic minority communities
- Elderly residents and older adults
- Individuals with disabilities
- Persons with LEP
- Households that may face barriers related to transportation, technology access, or mobility limitations

All outreach materials and communications will be accessible and provided in appropriate languages consistent with the City's Language Access Plan and civil rights requirements found in 4.6. Civil Rights, Accessibility, and Language Access. Public meetings, outreach events, and application intake activities will be conducted in locations that are physically accessible, and reasonable accommodations will be provided when requested.

The City will periodically evaluate outreach efforts and program participation data to assess whether eligible populations are accessing recovery programs equitably. If participation trends indicate that certain populations are underrepresented, the City may adjust outreach strategies, communication methods, or application assistance efforts to improve program accessibility.

Additional information regarding the City's public engagement, outreach requirements, and citizen participation procedures for CDBG-DR programs is available in the CLR Citizen Participation Plan, which is available on the [CLRs CDBG-DR website](#).

7.4.3. Affirmative Marketing (If Applicable)

For CDBG-DR-assisted housing developments involving rental or multi-unit properties, recipients must implement affirmative marketing procedures designed to ensure fair housing compliance and equal access. Where required, an affirmative marketing plan must be submitted to the City for review and approval prior to commitment of funds.

Affirmative marketing procedures shall include outreach to populations least likely to apply, documentation of marketing efforts, and recordkeeping sufficient to demonstrate compliance. The City will review marketing activities and require corrective action if deficiencies are identified.

7.4.4. 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.

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8. ADMINISTRATIVE CLOSEOUT AND PROJECT COMPLETION

Prior to administrative closeout of the activity, the City shall complete a file review and certification confirming that:

- Environmental review requirements under 24 CFR Part 58 were satisfied;
- DOB review was completed in accordance with Section 312 of the Stafford Act;
- Procurement requirements under 2 CFR §§ 200.318–327 were met;
- Labor standards compliance documentation (if applicable) is complete;
- Section 3 compliance documentation (if applicable) is complete;
- All inspections and construction documentation are included in the file;
- National Objective compliance is documented;
- Disaster tie-back to DR-4698 is supported;
- Financial management requirements under 2 CFR Part 200 are satisfied.

The project file must be sufficient to withstand HUD monitoring or audit review.

8.1. SALE OF CITY-DEVELOPED HOMEBUYER UNITS

For units constructed by the City for sale to income-eligible homebuyers, project closeout shall not be considered complete until:

- Buyer income eligibility has been verified;
- Settlement documentation has been reviewed and approved by the City;
- Required closing documents have been executed;
- Recorded affordability instruments have been filed;
- Final settlement statements are included in the project file.

No sale may occur without written authorization from the City.

8.2. PROGRAM INCOME (SALE PROCEEDS AND OTHER RECEIPTS)

In accordance with 24 CFR § 570.500(a), gross proceeds received from the sale of property constructed or improved using CDBG-DR funds constitute Program Income.

Program income may include:

- Net proceeds from the sale of City-developed units;

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- Recaptured funds from enforcement actions;
- Loan repayments, if applicable;
- Residual receipts payable to the City;
- Other income directly generated from the use of CDBG-DR funds.

Program income shall:

- Retain its CDBG-DR designation;
- Be used only for eligible CDBG-DR activities consistent with the HUD-approved Action Plan;
- Be reported in HUD's Disaster Recovery Grant Reporting (DRGR) system;
- Be expended prior to drawing additional grant funds, unless otherwise authorized by HUD.

The City shall maintain separate accounting records for program income and document receipt, obligation, and expenditure.

8.3. RENTAL DEVELOPMENT CLOSEOUT

For rental developments, construction completion does not terminate compliance obligations. Prior to closeout, the City shall verify that:

- All units meet applicable property standards;
- Required accessibility features are installed;
- Required mitigation measures are complete;
- Lease-up procedures comply with Program requirements;
- Monitoring protocols are established for the affordability period.

Where applicable, recorded land use restrictions or covenants must be filed prior to project closeout.

8.4. FINAL GRANT COMPLETION DOCUMENTATION

Upon satisfaction of all closeout requirements, the City shall issue written confirmation of project completion. The completion date shall be documented in the project file and reflected in applicable compliance tracking systems.

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All records shall be retained in accordance with 2 CFR § 200.334²⁶ and applicable HUD record retention requirements.

9. 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.

9.1. 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

9.2. 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, 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;

²⁶ <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR4acc10e7e3b676f/section-200.334>

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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. §§ 287²⁷ and 1001, 31 U.S.C. § 3729²⁸, 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](#).

10. 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. 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 120W

²⁷ <https://www.justice.gov/archives/jm/criminal-resource-manual-922-elements-18-usc-287>

²⁸ [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)

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Little Rock, AR 72201

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

If you need assistance in filing a written complaint or appeal, you may 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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11. REFERENCES

Federal Statutes and Regulations

- Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5301 et seq.)
https://www.hud.gov/program_offices/comm_planning/cdbg
- Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5121 et seq.)
<https://www.law.cornell.edu/uscode/text/42/chapter-68>
- Duplication of Benefits (Section 312, Stafford Act) (42 U.S.C. § 5155)
<https://www.law.cornell.edu/uscode/text/42/5155>
- Flood Disaster Protection Act of 1973 (42 U.S.C. § 4012a)
<https://www.law.cornell.edu/uscode/text/42/4012a>

HUD Regulations (Code of Federal Regulations)

- 24 CFR Part 570 – Community Development Block Grants
<https://www.ecfr.gov/current/title-24/part-570>
- 24 CFR § 570.208 – National Objectives
<https://www.ecfr.gov/current/title-24/section-570.208>
- 24 CFR § 570.605 – National Flood Insurance Program Requirements
<https://www.ecfr.gov/current/title-24/section-570.605>
- 24 CFR Part 58 – Environmental Review Procedures
<https://www.ecfr.gov/current/title-24/part-58>
- 24 CFR Part 55 – Floodplain Management and Protection of Wetlands
<https://www.ecfr.gov/current/title-24/part-55>
- 24 CFR Part 42 – Section 104(d) Relocation Requirements
<https://www.ecfr.gov/current/title-24/part-42>
- 49 CFR Part 24 – Uniform Relocation Assistance (URA)
<https://www.ecfr.gov/current/title-49/part-24>
- 2 CFR Part 200 – Uniform Administrative Requirements (Procurement, Financial Management, Cost Principles)
<https://www.ecfr.gov/current/title-2/part-200>
- 24 CFR Part 75 – Section 3 Requirements
<https://www.ecfr.gov/current/title-24/part-75>
- 24 CFR Part 8 – Section 504 Accessibility Requirements
<https://www.ecfr.gov/current/title-24/part-8>

HUD Guidance and Federal Register Notices

- CDBG-DR Universal Notice (90 FR 1754)
<https://www.federalregister.gov/documents/2025/01/08/2024-30365/community-development-block-grant-disaster-recovery-universal-notice>
- HUD Allocation Announcement Notice (AAN) – DR-4698-AR

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- HUD Memorandum 2025-02 – Revisions to the Universal Notice
HUD Duplication of Benefits Guidance
<https://www.hud.gov/sites/documents/DOBGUIDANCE.PDF>

Environmental and Floodplain Authorities

- National Environmental Policy Act (NEPA)
<https://www.epa.gov/nepa>
- Federal Flood Risk Management Standard (FFRMS)
<https://www.fema.gov/floodplain-management/ffrms>
- Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRMs)
<https://www.fema.gov/flood-maps>
- National Flood Insurance Program (NFIP)
<https://www.fema.gov/flood-insurance>

Civil Rights and Fair Housing

- Fair Housing Act (42 U.S.C. § 3601 et seq.)
https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_act_overview
- Title VI of the Civil Rights Act of 1964
<https://www.justice.gov/crt/fcs/TitleVI>
- Americans with Disabilities Act (ADA)
<https://www.ada.gov>
- HUD Limited English Proficiency (LEP) Guidance
https://www.hud.gov/program_offices/fair_housing_equal_opp/promotingfh/lep-faq

Labor Standards

- Davis-Bacon and Related Acts (DBRA)
<https://www.dol.gov/agencies/whd/government-contracts/construction>
- Fair Labor Standards Act (FLSA)
<https://www.dol.gov/agencies/whd/flsa>

State and Local Authorities

- 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/>