

RD AN No. 4329 (1944-N)
January 25, 2008

TO: State Directors
Rural Development

FROM: Russell T. Davis (*Signed by Russell T. Davis*)
Administrator
Housing and Community Facilities Programs

SUBJECT: Clarification of Issues Within the Housing Preservation Grant Program

Purpose/Intended Outcome:

The purpose of this Administrative Notice (AN) is to provide clarification on servicing issues within the Housing Preservation Grant (HPG) program.

Comparison With Previous AN:

This AN replaces the RD AN No. 4148 (1944-N) which expired on February 28, 2007.

Implementation Responsibilities:

State Directors will designate a staff person to be responsible for the training and day-to-day operation of the HPG program. Rural Development personnel should be trained and knowledgeable of the RD Instruction 1944-N: Individual Homeowners Eligibility for HPG Assistance; Ownership Agreement between HPG Grantee and Rental Property Owner or Co-op; Replacement Housing; and Exhibit C to 1944-N.

RECIPIENT FILES:

RD Instruction 1944-N, Section 1944.661 and Section 1944.671 lists the items that the HPG program grantees are to maintain in a filing system for the HPG program. The HPG filing materials should include, but are not limited to: a) photocopies of any instrument that serves as evidence for income eligibility and for proper ownership when using marketable title, divided or undivided property interests, leases, life estates, land assignments, etc.; b) the names, racial backgrounds and dates of contact for leaders of organizations involved in community outreach activities; and c) copies of all advertising in local media, such as, newspapers, while including name of the media used and the percentage of its patronage by race/national origin.

EXPIRATION DATE:
February 28, 2009

FILING INSTRUCTIONS:
Preceding RD Instruction 1944-N

CONSTRUCTION WORK:

Part of the required training of Rural Development staff for the HPG program includes the knowledge of building codes in order to determine which repairs are needed and if repairs have been properly completed. One of the recommended methods to accomplish this training is for Rural Development personnel to complete the “MFH Inspection Training” e-learning CD, which was sent to State Architects and Training Coordinators in 2001. If original copies cannot be located within a State, the State Architect should contact Bill Downs, Architect, with the Program Support Staff at 202-720-1499 for additional copies.

Repairs must be completed exactly as described in the construction contract; so, it is important that the description of repairs include and adequately describe ALL work to be performed.

RD Instruction 1944-N, Section 1944.665, requires all repairs to be inspected by a qualified disinterested third party, which could be a local building/code enforcement official or a qualified contract/fee inspector.

ENVIRONMENTAL REVIEWS:

Grantee application: RD Instruction 1944-N, Section 1944.672 requires HPG program applicants to complete Form RD 1940-20, “Request for Environmental Information.” This form will document possible impacts on the geographical area proposed to be served. For guidance when completing the 1940-20 form, applicants may refer to RD Instruction 1944-N, Exhibit F-1. HPG program applicants must also provide evidence of consultation with the State Historic Preservation Officer (SHPO) by completing RD Instruction 1944-N, Exhibit F-2.

Rural Development review: Rural Development Staff will review the applicant’s information when completing Form RD 1940-21, “Environmental Assessment for Class I Action”.

Ultimate Recipient files: Once sites have been selected for repairs, the Grantee must complete Federal Emergency Management Agency (FEMA) Form 81-93 and include evidence of consultation with the SHPO if the house is more than 50 years old on each home being repaired. In addition, the grantee must provide the occupants with the LBP pamphlet and follow the HUD regulations on LBP.

FLOOD INSURANCE INFORMATION:

All HPG program recipients must include the completed FEMA Form 81-93, “Standard Flood Hazard Determination,” in each file for properties being repaired. Flood insurance must be required under certain circumstances as detailed in RD Instruction 426.2 and RD AN No. 4315 dated November 20, 2007.

COMPLIANCE WITH FAIR HOUSING ACT:

RD Instruction 1944-N, Section 1944.671 states that the policies contained in subpart E of part 1901 apply to grantees. As recipients of Federal financial assistance, HPG grant program recipients are required to comply with the above mentioned applicable Federal, State and local laws. The above law prohibits discrimination by recipients of Federal financial assistance. In order to comply, recipients are required to adhere to Fair Housing laws by participating in specific outreach activities. These outreach activities include,

contacting community organizations and leaders that include minority leaders, advertising in local newspapers and other media throughout the entire service area, and including the nondiscrimination slogan, "This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law," in methods that may include, but not be limited to, advertisements, public broadcasts, printed materials, such as, brochures and pamphlets, and application forms for Fair Housing.

DEBARMENT AND SUSPENSION:

RD Instruction 1940-M requires all Agency program applicants to sign and submit with their pre-application, Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions," which states that the applicant has not been debarred or suspended from Government assistance. In addition, all grantees must obtain a signed certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions," from all persons or entities that the program recipient does business with (excluding homeowner recipients) as a result of the program. The HPG program grantee is responsible for maintaining Form AD-1048 in the HPG program grantee's files.

Rural Development staff must check the Excluded Parties List System to verify that all program applicants have or have not been debarred and/or suspended from Government assistance at the time the pre-application is received and immediately prior to providing the loan/grant assistance. The Excluded Parties List System is located at <http://www.epls.gov>.

LEAD-BASED PAINT (LBP):

The Environmental Protection Agency pamphlet entitled "Protect Your Family from Lead in Your Home" must be distributed by the HPG grantee to all prospective ultimate recipients. For further guidance refer to RD AN No. 4282, on LBP dated June 6, 2007.

RD adopted subparts of the HUD LBP Rule which must be followed for any housing rehabilitation or renovation project. Exemptions to this requirement are detailed in 24 CFR Part 35.115. Recipient files must contain applicable LBP documents including initial inspection reports, risk assessments, and/or clearance inspections reports.

CHECKLISTS:

Attachment A contains a checklist detailing the requirements HPG applicants must provide with their HPG preapplications. Attachment B contains a checklist detailing the requirements grantees must maintain in their HPG files. Attachment C contains a checklist detailing the requirements grantees must maintain in their HPG recipient files.

Please review this material carefully to rectify the above mentioned MCR weaknesses. It is essential that State Directors ensure that the subject training is provided to all appropriate staff by September 30, 2008. If there are any questions, you may contact Bonnie Edwards-Jackson, Multi-Family Housing Processing Division (MFHPD), (202) 690-0759.

Housing Preservation Grant Preapplication Checklist

Name of Reviewer: _____ Date: _____
 State: _____ Area Office: _____ Grant Amount: _____
 Grantee Name: _____ Project Name: _____
 Project Address: _____
 Fiscal Year: ____ Application Received Date: _____ Application Completed Date: _____

Applicant Eligibility

- 1 A state, commonwealth, trust territory, other political subdivision, or public nonprofit corporation authorized to receive and administer HPG funds;
- 2 An American Indian tribe, band, group, nation, including Alaskan Indians, Aleuts, Eskimos and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law (Pub. L.) 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Pub. L.92-512);
- 3 A private nonprofit corporation that is owned and controlled by private persons or interests for purposes other than making gains or profits for the corporation, is legally precluded from distributing any gains or profits to its members, and is authorized to undertake housing development activities; or
- 3(i) A faith-based organization created as a nonprofit corporation that meets the requirements of 1944.656; or
- 3(ii) A faith-based organization, whether or not it is chartered as a non-profit corporation, may form a consortium with units of government or other private nonprofit organizations, including other faith-based organizations, to participate in the Housing Preservation Grant Program pursuant to Organization 4(i) and 4(ii);
- 4 A consortium of units of government and/or private nonprofit organizations which is otherwise eligible to receive and administer HPG funds and which meets the following conditions:
 - 4(i) Be comprised of units of government and/or private nonprofit corporations that are close together, located in the same state, and serve areas eligible for RHS housing assistance; and
 - 4(ii) Have executed an agreement among its members designating one participating unit of government or private nonprofit corporation as the applicant or designating a legal entity (such as a Council of Governments) to be the applicant.

<p>Section and page number in the application where documentation (certifications, letters, board resolutions, etc.) concerning applicant eligibility or ineligibility can be found.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

Housing Preservation Grant Preapplication Checklist

- Application for Federal Assistance; Standard Form 424**
- Statement of Activities**
- Statement on Experience and Capacity**
- Evidence of Legal Existence**
- Financial Statements**
- Budget**
- Leveraged Funding**
- Narrative on Area to be Served**
- Statement of Experience**

- 1944-N, Exhibit F-2, “Guide: Grantee’s Process for Identifying Properties Requiring Rural Development Environmental Assessments” signed**
- RD Form 1940-20, “Request for Environmental Information” and attachment**
- Intergovernmental Review correspondence**
- Evidence of 15-day publishing requirement**
- Form 400-1, Equal Opportunity Agreement**
- Form 400-4, Assurance Agreement**
- Form AD-1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions**
- Form AD-1048, Certification Regarding Debarment, Suspension, and Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions**
- Evidence Agency verification for debarment with use of Excluded Parties List System**
- Form AD-1049, Certification Regarding Drug-free Workplace Requirements (Grants) Alternative I-Grants Other Individuals**
- Compliance with Other Federal Statutes and Regulations:**
 - Equal Employment Opportunity**
 - Assistance and Real Property Acquisition Policies Act of 1970**
 - Lobbying**

Housing Preservation Grantee File Checklist

Grantee Name: _____ Date: _____

Project Name and Address: _____

State: _____ Grant Amount: _____ Fiscal Year: _____

Waiting List Review:

_____ Eligibility _____ Ineligibility

Civil Rights Compliance Review:

_____ Pre-grant _____ Post-grant

Housing Preservation Grant Recipient File Checklist

Recipient Name: _____ Date: _____

State: _____ County: _____

Grant Amount Request: _____ Fiscal Year: _____

Application Review:

- _____ Signature of Recipient
- _____ Verification of low, or very-low income
- _____ Verification of homeownership

Environmental Review:

- _____ Documentation the Environmental Protection Agency pamphlet, "Protect Your Family From Lead in Your Home," has been provided to Recipient
- _____ LBP inspection report, risk assessment, and/or clearance inspections report
- _____ Evidence of environmental review of each home per 1944-N, Exhibit C VIII (A)
- _____ Evidence that the home is not historic / consultation with the SHPO (in accordance with 944-N, Exhibit F-2)
- _____ Completion of FEMA 81, "Standard Flood Hazard Determination" (only if Substantial repairs)

Specification Review:

- _____ Cost estimate by line item
- _____ Accepted contractor's quote

Field Visits by Rural Development:

- _____ Documentation in file of Field visits to the Recipient's house

Photos:

- _____ Before _____ After

Final Inspection:

- _____ Final inspection by disinterested third party certifying that all work has been performed according to plans and specifications.