

STATE OF ALASKA
2018 Cook Inlet Earthquake
REPLACEMENT HOUSING PROGRAM POLICIES AND
PROCEDURES

Program Guidelines

Version 1.1

September 5, 2025

Version Control

Version Number	Date	Summary of Changes	Approved By
1.0	7/11/2025	Original version	CDBG-DR Program Staff
1.1	9/5/2025	Additional information around Program Income added.	CDBG-DR Program Staff

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Version Policy

Version history is tracked in the Version History Table (page i), with notes regarding version changes. Dates of each publication are also tracked in this table. Substantive changes in this document that reflect a policy change will result in the issuance of a new version of the document. For example, a substantive policy change after the issuance of Version 1.0 would result in the issuance of Version 2.0, an increase in the primary version number. Non-substantive changes such as minor wording and editing or clarification of existing policy that do not affect interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number (i.e., Version 2.1, Version 2.2, etc.).

Policy Change Control

Policy clarifications, additions, or deletions may be needed during the course of the program to more precisely define the rules by which the Program will operate. Policy decisions will be documented and will result in the revision of the document in question. Unless otherwise noted, policy revisions are applied prospectively, made effective on the date of document approval

1. Introduction

This document serves as the program guidelines for the State of Alaska's Replacement Housing Program (RHP). These guidelines were developed to serve as a basis for the State's housing program and to provide guidance on program implementation that follows HUD standards and best practices. This document may also serve as a reference for RHP's subrecipient and other interested parties who want to understand how the program operates. Note that these program guidelines are only intended to address the Replacement Housing Program (RHP). Each of the other recovery programs outlined in the Alaska Action Plan for Disaster Recovery ("Action Plan") is governed by its own Program Guidelines document.

On January 27, 2020, at 85 FR 4681, the State of Alaska received an allocation of \$35,856,000 from the U.S. Department of Housing and Urban Development (HUD) under Public Law 116-20 for FEMA Disaster Recovery No. 4413, the 2018 Cook Inlet Earthquake. HUD identified the Municipality of Anchorage, Matanuska-Susitna Borough, and Kenai Peninsula Borough as the only Community Development Block Grant-Disaster Recovery (CDBG-DR) eligible jurisdictions, in their entirety, and identified Municipality of Anchorage as the "most impacted and distressed" area, which will receive 100% of the RHP funding. The RHP will be implemented in accordance with the State of Alaska 2018 Cook Inlet Earthquake Action Plan as described in the following Federal Register notices: February 9, 2018 at 83 FR 5844, August 14, 2018 at 83 FR 40314, January 27, 2020 at 85 FR 4681, February 21, 2020 at 85 FR 10182, August 17, 2020 at 85 FR 50041, September 28, 2020 at 85 FR 60821, June 21, 2022 at 87 FR 36873, July 13, 2023 at 88 FR 44816. The RHP will also be implemented in accordance with the guidelines set forth by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant-Disaster Recovery Program. The CDBG-DR funds allotted to Alaska have been allocated to housing and planning programs. These funds will be administered through the Alaska Department of Commerce, Community and Economic Development (DCCED). DCCED is the agency responsible and accountable to HUD for the administration of CDBG-DR funding. DCCED has allocated \$ 6.9 million in CDBG-DR funding for the Replacement Housing (RHP) which will construct single-family owner-occupied housing for low- and moderate-income residents.

The unmet needs assessment included in the Action Plan demonstrated significant unmet needs across a range of residence types, including houses and duplexes, townhomes, condominiums, apartments, and mobile homes. The total budget for RHP is \$6.9M, which the State will allocate to Habitat-for-Humanity Anchorage (HFHA) or other qualified subrecipient, for new construction of affordable housing in the Municipality of Anchorage, which will emphasize high quality, durability, sustainability, resiliency, energy efficiency, and mold resistance.

2. Program Overview

DCCED, on behalf of the Municipality of Anchorage, will provide financial assistance to Habitat for Humanity-Anchorage (HFHA), or other qualified subrecipient, to construct new affordable homeownership housing. HFHA is a Non-Profit Community Housing Development Organization with 30 years of experience serving local low-moderate income families. Under this program, HFHA, or other qualified subrecipient, will acquire real estate suitable for development/redevelopment and construct new affordable, accessible, and sustainable housing. All housing units must meet current adopted

International Residential Building codes and the State of Alaska Building Energy Efficiency Standards. The homes will be prioritized for low- and moderate-income households, including those displaced by the 2018 Cook Inlet Earthquake, individuals transitioning from supportive housing, and other vulnerable populations such as seniors, persons with disabilities, and members of protected classes, in alignment with HUD's Fair Housing requirements. The goal of the program is to develop approximately 12 sites with 1-4 new dwelling units each, with a minimum affordability period of not less than five (5) years, which will be enforced through recorded deed restrictions, covenants, or other similar mechanisms. Consistent with its obligation to affirmatively advance fair housing, DCCED and its subrecipient intend to demonstrate that projects are likely to lessen area racial, ethnic, and low-income concentrations, and/or promote affordable housing in low-poverty, nonminority areas in response to natural hazard-related impacts. Additionally, such review will include assessments of (1) a proposed project's area demography, (2) socioeconomic characteristics, (3) housing configuration and needs, (4) educational, transportation, and health care opportunities, (5) environmental hazards or concerns, and (6) all other factors material to the AFFH determination. As outlined further below in these policies and procedures, HFHA or other qualified subrecipients, will undertake the construction of new affordable single-family housing on vacant land owned or acquired by HFHA or other qualified subrecipient, contingent upon compliance with the National Environmental Policy Act (NEPA). The eligible property type will be newly constructed dwelling units. The purpose of the Replacement Housing Program is to assist the vulnerable and most impacted households in the Municipality of Anchorage through the construction of new, affordable housing. RHP's primary objective is to provide decent, safe, and sanitary homes to eligible households.

This program is designed to provide newly constructed, energy efficient and disaster resilient homes for low- and moderate-income households, including protected classes, and vulnerable populations to the greatest extent feasible. RHP constructed housing will incorporate mitigation, green building, and energy efficiency measures, to make the homes more resilient in the face of future disasters.

3. Program Administration

A. Lead Agency

The State of Alaska's Department of Commerce, Communities and Economic Development (DCCED) is the HUD grantee and lead agency responsible for administering all CDBG-DR funds allocated to the State of Alaska. DCCED is responsible for the following tasks related to the administration of the RHP:

- Providing pre-award technical assistance to HFHA as a subrecipient, other qualified subrecipients, and other State of Alaska department staff carrying out approved activities;
- Ongoing technical assistance to HFHA as a subrecipient, other qualified subrecipients, and other State of Alaska department staff carrying out approved activities;
- Ongoing technical assistance and training on how to submit documentation, reports, and maintain compliant files within DCCED's system of record;
- Subrecipient Agreement development and execution;
- Daily program management;
- Monitoring of HFHA as a subrecipient, other qualified subrecipients and other State of Alaska departments;
- Managing vendors/contractors;

- Disaster Recovery Grant Report (DRGR) reporting;
- Recordkeeping;
- Ensuring project files are updated and completed; and
- Retaining all records for six years after closeout of the State's grant by HUD.

B. Subrecipients

A subrecipient is defined by 2 CFR 200.93 as a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a federal awarding agency. DCCED has designated HFHA as a subrecipient under the RHP program. Other qualified subrecipients may also be designated by DCCED pursuant to these policies and procedures.

The State of Alaska may make awards under the RHP to eligible entities to administer eligible activities. By entering into a subrecipient agreement, HFHA as a subrecipient agrees to assume all areas of responsibility for administering the scope of work compliantly, within approved budget, and within the approved timeline. The subrecipient agreement will contain all compliance and key requirements for the performance of the project including:

- Submission of site and housing development plans for DCCED approval, including a project budget for each parcel to be developed;
- Submission of Homebuyer Selection Process that includes, but is not limited to:
 - A Marketing and Sales plan as provided for in these policies and procedures;
 - Intake Procedures;
 - Initial Eligibility Screening;
 - Income Certification (using IRS 1040 Adjusted Gross Income method);
 - Coordination with First Mortgage Lender (selected by Homebuyer);
 - Coordination with all Real Estate Professionals Required to Transact the Sale of the Home;
 - Participation in Closing of Sale;
 - Identification and Treatment of Net Proceeds from Sale
- Actively participate in State of Alaska-provided technical assistance sessions and regularly scheduled meetings;
- Provide complete reports on time;
- Ensure staff are available for DCCED, HUD, HUD OIG, and other monitoring visits or audits;
- Recordkeeping;
- Submit all required documentation into the Grant Management System ensuring files are always compliant and updated;
- Maintain local records for post-closeout compliance requirements
- Contact DCCED if additional technical assistance is needed to meet all compliance and performance requirements.

4. National Objective, Eligible/Ineligible Activities and Costs, Award Caps and Timely Expenditures

A. National Objective

All activities funded through RHP will meet the HUD National Objective of providing benefit to Low- and Moderate Income (LMI) persons for the purpose of providing permanent residential structures that, upon completion, will be occupied by low- and moderate-income households (24 CFR 483(b)(3)). To ensure that the program is in compliance with HUD's National Objective to benefit low- and moderate-income persons, 100% of owner/occupant applicant's households served by RHP must qualify as LMI with a total household annual gross income that does not exceed 80% of Area Median Income (AMI), adjusted for family size, as published annually by HUD.

B. Eligible Activities and Costs

Eligible housing activities include the acquisition, development and new construction of single-family housing for homeownership (property acquisition, soft costs, and hard costs related to new construction of housing units), as authorized by the applicable Federal Register notice at 83 FR 5861 (Section VI.B.32). Eligible costs may include:

- Pre-application costs and application development costs;
- Activity delivery costs for HFHA as the subrecipient to implement their program, including staff time and environmental reviews for funded activities;
- Architectural and engineering design;
- Demolition and remediation;
- Permitting fees;
- Developer fees;
- General Contractor fees;
- Mobilization, site prep, and clean-up costs;
- Construction costs;
- Land acquisition costs;
- Real Estate fees;
- Homebuyer Education costs; and
- Other costs associated with sale of homes.

C. Ineligible Activities and Costs

Ineligible activities are defined in 24 CFR 570.207 and are further set forth in the February 9, 2018 Federal Register notice at 83 FR 5844 and as may be provided in subsequent applicable Federal Register notices. Ineligible costs include but are not limited to:

- Activities within buildings or portions thereof used for conduct of government;
- General government expenses;
- Political activities; or
- Purchase of equipment.

Ineligible also costs include:

- Advances of any type, including construction;
- Infrastructure that does not result in the production of housing;
- Purchase of construction equipment; or
- Purchase of furnishings and other personal items.

DCCED reserves the right to approve or deny the applicability and eligibility of costs on a per payment basis. DCCED requires that construction costs are reasonable and consistent with current market costs for the area where the single- family construction will take place.

D. Award Caps

The maximum award for each site on which housing will be constructed is \$658,000 per unit for a residential zoned lot. Total project cost will not exceed the maximum HOME and Housing Trust Fund Homeownership Sales Price Limits, effective June 1, 2023, for the Municipality of Anchorage, which is \$343,000 for 1-bedroom; \$439,000 for 2-bedroom; \$532,000 for 3-bedroom; and \$658,000 for 4-bedroom: <https://www.huduser.gov/portal/datasets/htf-ownership-value-limits.html>.

E. Timely Expenditure

DCCED will establish expenditure deadlines, milestones, and benchmarks for individual activities within the HFHA Subrecipient Agreement.

HUD has waived the provisions of 24 CFR 570.902 and established an alternative requirement. 2018 Cook Inlet Earthquake funds appropriated under Public Laws 115-254 and 116-20 must be expended within six years of the date HUD signs the grant agreement with the State of Alaska.

5. Housing Development Program Requirements

A. Project Models

The Replacement Housing Program will allow HFHA as the subrecipient to incorporate any of the following in the construction of new, stick-built single-family townhomes owned and operated as condominiums in Municipality of Anchorage:

New Construction: Single Family Subdivisions

The Program will allow for the development of new residential subdivisions including the infrastructure to support the housing units are developed. Costs for infrastructure should be broken out from the housing costs in the HFHA's submission of site and housing development plans for a parcel, to ensure compliance with reporting requirements for HUD. Infrastructure costs are not considered in the per unit subsidy amount.

Infill and Scatter-Site Development

The Program will allow for an infill and/or scattered-site strategy. Single family houses can be developed on previously cleared sites, undeveloped lots that are adjacent to public utilities, or by partitioning lots for increased density. This includes the construction of one or more housing units on an existing parcel of land within an existing neighborhood. This strategy may be beneficial in communities that have unused or underused parcels within its existing development patterns.

B. Site Considerations

The following site considerations should be reviewed before HFHA site selection:

- An Environmental Review Record (ERR) will need to be conducted to confirm that there are no substantial adverse environmental factors at each site. No choice limiting actions, including site clearance, may be carried out on any site prior to the issuance of environmental clearance. DCCED will notify the HFHA or other qualified subrecipient of this clearance and provide a date when work may begin. This requirement may impact activity timelines and must be considered by HFHA when selecting sites and establishing the timeframes for activity completion.
- Any site to be considered for funding must be acquired by the HFHA or other qualified subrecipient with a valid deed that is free and clear of all encumbrances at the time of property transfer. If HFHA or another qualified subrecipient already owns the land for development, all existing liens, deed restrictions, land leases or other encumbrances must be disclosed at the time of the submission of the site and housing development plan by HFHA.

C. Infrastructure to Support Housing Development

All new housing must have access to and be connected to utilities including broadband, water, sewage, electricity, solar, natural gas, streets, sidewalks, and flood and drainage systems. Only infrastructure that is directly tied to the development of affordable housing units will be funded. Examples of this infrastructure include but are not limited to:

- Streets
- Sidewalks and curbs
- Wet Utilities (i.e., water and sewer improvements)
- Dry utilities (i.e., gas, electrical, solar energy systems such as microgrids, communications, broadband infrastructure)
- Flood and drainage systems (i.e., gutters, storm drains, catch basins, and retention/detention basins)
- Aesthetic improvements (i.e., landscaped parkways, decorative lighting, benches, planters)

All new housing units must have access to and be connected to utilities, thus, the use of septic tanks, wells, or other private utilities not tying into the mainline from a private property/house are not considered to be public improvements and will not be deemed acceptable nor eligible for reimbursement.

HFHA's project budget must detail all infrastructure costs within the itemized Total Development Costs budget and the Sources and Uses must demonstrate if any other federal, state, or local funding sources are available or being used to fund the construction of the public improvements. The cost of the public infrastructure is subject to verification that no Duplication of Benefits exist.

HFHA will be required to partner with the Municipality of Anchorage and utility companies for the development of the public improvement. All public infrastructure construction must comply with all laws and regulations governing the construction of public facilities including but not limited to Davis Bacon, State Prevailing Wage (where applicable), Section 3, MBE/WBE, etc.

The public infrastructure must be maintained and have an expected useful life in accordance with industry standards or those imposed by local laws and ordinances, whichever is greater.

6. Pricing of Homes and Development Subsidies

HFHA or another qualified subrecipient will obtain an after-construction appraisal value. The sale price to the individual household under this program is capped at the total development cost or appraised value, whichever is less. Note that all costs for an CDBG-DR project must be considered reasonable according to the requirements outlined in 2 CFR 200.404. The homes produced through this program must be sold to an eligible homebuyer through fee simple sale within six (6) months of completion of construction, unless otherwise specified in the HFHA or other qualified subrecipient agreement. If no qualified homebuyer purchases the home within 3 months of completion of construction, HFHA, as a subrecipient, or another qualified subrecipient, may reduce the sales price by 5%. If no qualified purchase occurs within 30 days of this first reduction in sale price, HFHA or other qualified subrecipient may reduce the price by up to 10%, including previous adjustments.

A. Recapture of Net Proceeds of Sale

To ensure the affordability of units acquired or assisted with CDBG-DR funds for the Replacement Housing Program, Homeowner Recovery Program and Forest Park Down Payment Assistance Program, DCCED will utilize the recapture model based off the Alaska Housing Finance Corporation's HOME program. Under the recapture model, the first \$10,000 in direct assistance is provided as a forgivable loan. Direct assistance is defined as the difference between the market value and sales price of the home in addition to any CDBG-DR assistance. For every year the homeowner continues to own and make it his or her primary residence, the loan will be forgiven by a maximum of \$2,000, or twenty percent (20%) of the loan, whichever is less. Any remaining CDBG-DR assistance provided will be secured against the home as a loan with zero percent (0%) interest, repayable at the time the homebuyer no longer owns the property. If the homeowner fails to meet the primary residency requirement during the affordability period, the full amount of assistance is due. The recapture provisions will be triggered by a sale prior to completion of the affordability period. The amount subject to recapture is the total amount of direct assistance less the prorated amount of the first \$10,000 forgiven per the terms described above plus any amounts that are not forgiven. In the case of a sale (voluntary or otherwise) the maximum amount of funds subject to recapture is limited to whatever net proceeds (if any) are available. The homeowner must show that the appraised value of the home is not sufficient to pay off the CDBG-DR loan(s) in addition to any other lien in a superior position, and standard and customary seller's closing costs. Net proceeds are calculated by the sales price less any non-CDBG-DR loans or repayments less closing costs.

To avoid undue enrichment of a developer partner, DCCED requires that the entire amount of net proceeds be (1) returned to the State of Alaska. If net proceeds are returned to the State, these funds *are* considered program income and must comply with all HUD requirements of treatment and use of program income. DCCED manages Program Income (PI) through Agreement provisions. Grantees must report any PI to DCCED through a request for payment. PI must be expended prior to drawing additional grant funds. PI may only be used for eligible project activity costs. Grantees must generate, retain, and provide monthly PI reports to DCCED. DCCED must report all PI to HUD through the DRGR Quarterly Performance Report (QPR) per 83 FRN 5853. Grantees must remit to DCCED PI in excess of \$35,000.00 remaining at the end of each quarter or the expiration of the Agreement. PI remaining during close out in excess of \$35,000.00 will be remitted to DCCED where it will be tracked and reported as revenue until obligated through a new Agreement. PI held and awarded by DCCED is tracked through the Grant Management System like HUD grant funds.

7. Marketing and Sales

A. Marketing and Sales

HFHA as a subrecipient and any other qualified subrecipient, is responsible for marketing the newly constructed homes and selling them to eligible homebuyers. If a CDBG-DR funded home does not sell in a timely manner and results in cost overruns that cannot be paid out of contingency funds (if authorized by the Agreement, at the sole discretion of DCCED, the project budget may be revised to provide additional CDBG-DR funding until every CDBG-DR funded home is sold).

DCCED requires a presale approach to constructing, marketing and selling the newly constructed homes rather than the speculative approach where at least one eligible homebuyer has already been identified as the possible purchaser of the home. HFHA, or other qualified subrecipient will partner with the local HUD approved housing counseling agency to assist with developing a pipeline of mortgage ready, income qualified homebuyers.

Marketing Plan and Budget

Prior to marketing the first completed home, HFHA or other qualified subrecipient must obtain written approval from DCCED of its Affirmative Fair Housing Marketing Plan and budget. The marketing plan will include:

- Methods of nondiscriminatory affirmative outreach as defined in 24 CFR 576.407(b) to the target audience of potentially eligible homebuyers.
- Alternative marketing and advertising techniques that encourage participation by generally unserved audiences.
- Printed materials and all advertisements must include Equal Opportunity and Fair Housing language/logos.
- Approved language for use in marketing materials regarding income qualification and CDBG-DR Affordability Period requirements.
- A policy for managing a waiting list of potential, eligible homebuyers.

Establishment of Eligible Homebuyer Wait List

HFHA as subrecipient and other qualified subrecipients must submit a plan to establish a waiting list of pre-qualified homebuyers beyond buyers specifically tied to the project's units that is equal to the number of units under construction. A waitlist may be established by HFHA or another qualified subrecipient or through partnership with a HUD certified housing counseling agency in the Municipality of Anchorage.

8. Homebuyer Eligibility

A. Homebuyer Application Standards

HFHA as a subrecipient or other qualified subrecipients will be responsible for determining the eligibility of the homeowners. These standards provide the minimum requirements for HFHA and other qualified subrecipient of this program. All eligibility, verification, and income certification methods are subject to final DCCED approval.

DCCED wants to ensure that participating homebuyers become successful homeowners. To ensure that the program is targeting households prepared for homeownership, participating homebuyers are required to attend and complete a pre-purchase homebuyer counseling course provided by a HUD-certified housing counselor. The following specific eligibility criteria **must** be met:

- Homebuyer applicants must have a household income at or below 80% of the Area Median Income.
- Homebuyer applicants must participate in a HUD-certified pre-purchase homebuyer education course. The certificate of completion must have been issued within the last twelve (12) months.
- Homebuyer applicants must agree to occupy the newly constructed home as their primary residence.
- Homebuyer applicants must obtain a fixed-rate mortgage loan for, at a minimum, the length of the five-year Affordability Period.
- Homebuyer applicants must adhere to Duplication of Benefits (DOB) compliance.

As the subrecipient, HFHA or other qualified subrecipients must ensure that eligible homebuyer applicants will comply with the following requirements:

- Homebuyers must maintain principal residency in the assisted property throughout the length of the Affordability Period or will be subject to Repayment requirements.
 - Cash-out refinancing, home equity loans, or any loans utilizing the assisted property as collateral are strictly prohibited during the affordability period. Generally, subordination shall not be permitted however, subordination may be allowed for the following reasons:
 - Refinance for lower interest rate/payments (No cash out refinances allowed).
 - To enable the homeowner to avoid foreclosure.
 - To allow for a loan for home repairs and rehabilitation, providing that funds are held in escrow for the repairs and are not distributed to the homeowner. A violation of this requirement will activate the loan repayment provisions.
- Homebuyers must agree and adhere to the Affordability Period and the lien requirements of the forgivable loan.
 - The lien on the property will be removed upon completion of the terms and conditions of all documents related to the program and completion of the Affordability Period, typically a Second Mortgage and/or Promissory Note.
 - Forgiveness of the loan will occur annually at 20% per year on the loan anniversary each year during the five (5) year Affordability Period with 100% of the loan being forgiven after the fifth year and the lien satisfied at the termination of the Affordability Period.
 - Should the homeowner sell or otherwise convey their ownership interest in the property during the Affordability Period, the remaining prorated balance of the loan will be subject to repayment upon the sale by the homeowner. Repayment is considered program income and will be returned to DCCED.
 - Homebuyers must maintain homeowner's insurance and earthquake insurance, if applicable on the property for at minimum the duration of the Affordability Period.

Homebuyer Household Income

To be eligible to purchase an assisted home, individual homebuyer households must have a gross annual income of at least 30% of Area Median Income (AMI) and no more than 80% of AMI. HUD publishes income limits, adjusted for household size, annually. Homebuyer income eligibility is determined using the IRS 1040 Long Form – Adjusted Gross Income method of determining income.

Required Buyer Investment

Participating buyers must contribute at least 1% of the purchase price toward their down payment and closing costs. In addition, it is recommended that buyers have a minimum of three (3) times the amount of the monthly payment including principal, interest, taxes, insurance and homeowner association fees available in non- retirement accounts.

Monthly Payment

According to the HUD Handbook 4000.1, FHA borrowers can have a “maximum qualifying ratio” of 43% of their income for the mortgage payment. However, in an effort to ensure affordability and neighborhood sustainability, thereby reducing the likelihood of foreclosure, DCCED encourages HFHA as the subrecipient to utilize lenders who will only underwrite loans for up to 35% of the buyer's monthly income.

Homebuyer Applicant Asset Cap

Although not required when using the IRS 1040 Long Form – Adjusted Gross Income method of determining household income of homebuyers under this program, DCCED has chosen to also include an additional restriction regarding the liquid/semi- liquid assets owned by each homebuyer household.

Liquid and semi-liquid (assets that can be converted into cash within a reasonable amount of time and without substantial penalties for the conversion/withdrawal/use of these funds) assets of all homebuyer households is capped at **\$75,000**.

Verification of the total liquid/semi-liquid assets owned by homebuyer applicants is required and can be satisfied by collection of at least three (3) months of the most previously available bank statements/other periodic statements of such assets.

Calculation of liquid/semi-liquid assets owned by homebuyer applicants will be included in the data captured on the IRS 1040 Adjusted Gross Income Worksheet contained in Appendix A of this Program Manual and must be made a part of every homebuyer applicant case file.

If a homebuyer applicant's assets exceed the Asset Cap listed above, the homebuyer applicant may not be determined ineligible to participate and purchase a home offered for sale under this program but may be required to contribute to the purchase of a home under this program in an amount equal to the difference between the stated Asset Cap and their liquid/semi-liquid assets on hand.

Homebuyer Education

All adult household members who hold title and/or are party to the senior mortgage, must complete pre-purchase homebuyer education provided by a HUD-certified housing counseling agency within the twelve (12) months prior to purchasing a home through this program.

B. Transfer of Interest in Property

In the event the homebuyer, voluntarily or involuntarily, transfers all or a part of the interest of the property within the first year of the affordability period, DCCED will require the repayment of the entire amount of homebuyer assistance funding that was provided to the homebuyer. If transfer of interest in the property occurs at two through the remainder of the five-year Affordability Period, DCCED will require the repayment of the remaining, amortized balance of the homebuyer assistance funding provided to the homebuyer. Upon receipt of payment, the affordability period restriction will be terminated and DCCED will record a release of lien and satisfaction of the Restrictive Covenant.

C. Death of Homebuyer

In the event the homebuyer dies during the Affordability Period, the estate shall be responsible for fulfilling the responsibilities of the remaining affordability period.

D. Foreclosure

In the event of foreclosure or deed in lieu of foreclosure within the first 5 years of the affordability period, DCCED will require the repayment of the entire amount of homebuyer assistance funding provided to the homebuyer (provided that the foreclosure sale results in net proceeds in an amount capable of recovering all or a portion of the original homebuyer assistance funding that was provide to the homebuyer). If foreclosure or deed in lieu of foreclosure occurs at year 5 through the remainder of the five-year Affordability Period, DCCED will require the repayment of the remaining amortized balance of the homebuyer assistance funding provided to the homebuyer (provided that the foreclosure sale results in net proceeds in an amount capable of recovering all or a portion of the amortized balance of homebuyer assistance funding that was provided to the homebuyer). If there are no net proceeds following conclusion of the foreclosure sale of the property, DCCED will forfeit the claim.

9. Mortgage Requirements

Homebuyers will be required to utilize lenders who provide “Qualified Mortgages” as defined by the Consumer Financial Protection Bureau which limit points, prepayment penalties, predatory lending practices, and excessive lender fees to protect consumers. Generally speaking, a lender must make a good faith effort to provide a loan that can reasonably be expected to be repaid by the buyer. Interest rates must be competitive and not exceed 1.5% of the Average Prime Offer Rate. Loan terms should be at least 30 years.

The following loans are not permitted for home buyers in this program:

- Adjustable-rate mortgages.
- Balloon payments which have a larger payment at the end of the loan.
- Negative amortization which allows the principal to increase over time
- Interest only which allows payment of only the interest and not the principal.

10. Cross Cutting Federal Regulations

There are many cross-cutting federal regulations that apply to CDBG-DR and to specific eligible programs and projects. The RHP will be implemented in compliance with cross-cutting federal regulations.

A. Accessibility, Reasonable Accommodations, and Americans with Disabilities Act of 1990 (ADA)

As the program subrecipient, HFHA or other qualified subrecipients will ensure accessibility to persons with special needs and will operate in a manner that does not discriminate or limit access to Program services and benefits to persons with disabilities. Additionally, to ensure that the Program is operating in compliance with Section 504 requirements of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA). HFHA and other qualified subrecipients will be required to adopt their own Section 504 Compliance Plan or adopt DCCED's, and will assign staff in accordance with its Section 504 Compliance Plan who will:

- Ensure that all facilities where clients will have face-to-face interaction with Program staff are readily accessible and usable by persons with disabilities;
- Appropriately address any identified hearing, visibility, or mobility limitations of Program recipients;
- Work with disabled Program recipients and/or their designee, who has power of attorney or any non-profit organization that is representing the Program recipient, as needed.
- All services listed above can be provided upon verbal or written request from the Program recipient. No additional documentation is required. In addition, DCCED, HFHA a subrecipient, and other qualified subrecipients under this Program will comply with Section 508 requirements regarding the accessibility to electronic and information technology for individuals with disabilities (<https://www.section508.gov/>). DCCED management assists with ensuring that all public communications, including its website, meet Section 508 requirements. HFHA and other qualified subrecipients will ensure that any program related application documents and marketing materials are available on the HFHA or other qualified subrecipient website and in compliance with Section 508 requirements.

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of telecommunications devices for the deaf (TDD/telephone relay services). DCCED takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by DCCED, and that all services are delivered in the most integrated manner possible. Qualified persons with disabilities are informed of the availability of program services and activities, and DCCED's programs or services are readily accessible to, and usable by, individuals with disabilities. DCCED also ensures that reasonable modifications or changes to policies, practices, or procedures are made to guarantee people with disabilities equal access.

HFHA as a subrecipient and other qualified subrecipients are required to develop an ADA policy or adopt DCCED's policy. HFHA and other qualified subrecipients are required to demonstrate compliance with the

ADA through the provision of reasonable accommodations to ensure that housing units are accessible and useable by persons with disabilities.

B. Civil Rights Act Title VI Notice, Section 504, ADA, and Accommodating

All departments and offices reporting to the State of Alaska, their contractors and subcontractors, subrecipients, and other agents who receive federal or state financial assistance for their programs and services must comply with Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) et seq.; Executive Order 13166; and the U.S. Department of Labor Revised Guidance Regarding the Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons. This statement of policy and the Municipality of Anchorage's Language Access Plan (LAP) provide a framework for the provision of timely and reasonable language assistance to persons with LEP who encounter all Municipality of Anchorage programs.

Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and related federal and state laws and regulations forbid discrimination against those who require accommodation to access facilities, services, and programs. Furthermore, these laws require HFHA as the subrecipient to take affirmative steps to reasonably accommodate ADA-qualified individuals and ensure that their needs are equitably represented in programs, services, and activities, including in disaster recovery, resiliency, and mitigation.

C. Affirmatively Furthering Fair Housing

Affordable single-family housing development efforts undertaken by HFHA as a subrecipient and other qualified subrecipients are required to affirmatively furthering fair housing through consideration of the following efforts:

- Outreach and communication efforts to encourage meaningful engagement of members of protected classes and vulnerable populations in the planning, development and homebuying process;
- Providing marketing and outreach efforts that reduce barriers to the provision of services, including materials reflective of the Municipality of Anchorage's diverse population, documents translated into Spanish, targeting outreach and marketing to Racially and Ethnically Concentrated Areas of Poverty (RECAPs) or other historically underserved areas;
- Design and implement equitable policies and procedures for the sale of any funded properties;
- Provide reports demonstrating the provision of assistance to diverse populations (HFHA and other qualified subrecipients must gather race and ethnicity data for all beneficiaries); and legally sufficient justification for any practice that may predictably result in a disparate impact on a group of persons or creates, increases, reinforces, or perpetuates segregated housing patterns because of race, color, religion, sex, handicap, familial status, or national origin;
- Demonstration that the activity will not have an unjustified discriminatory effect on or failure to benefit racial and ethnic minorities in proportion to their community needs, particularly in racially and ethnically concentrated areas of poverty;

D. Equal Employment Opportunity

Executive Order 11246, Equal Employment Opportunity, as amended, prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identity or national origin. The Executive Order also requires government contractors to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment. HFHA as the subrecipient will be required to execute a certification indicating compliance with EO11246.

E. Persons with Limited English Proficiency

All departments and offices reporting to the State of Alaska, their contractors and subcontractors, subrecipients, and other agents who receive federal or state financial assistance for their programs and services must comply with Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) et seq.; Executive Order 13166; and the U.S. Department of Labor Revised Guidance Regarding the Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons. This statement of policy and DCCED's Language Access Plan (LAP) provide a framework for the provision of timely and reasonable language assistance to persons with LEP who encounter all DCCED programs.

Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and related federal and state laws and regulations forbid discrimination against those who require accommodation to access facilities, services, and programs. Furthermore, these laws require HFHA as a subrecipient, and other qualified subrecipients, to take affirmative steps to reasonably accommodate ADA-qualified individuals and ensure that their needs are equitably represented in programs, services, and activities, including in disaster recovery, resiliency, and mitigation.

F. Citizen Participation

HFHA as a subrecipient and other qualified subrecipients are encouraged to engage the local community and intended beneficiary in the planning, design, and development of affordable single-family housing activities. HFHA and other qualified subrecipients are also encouraged to solicit input from members of protected classes and vulnerable populations during all stages of the activity.

G. Complaints and Appeals Process

HFHA as a subrecipient and other qualified subrecipient must adopt DCCED's complaints and appeals policy (described below) or adopt a separate, but compliant, policy of their own. The policy must be posted online or in a publicly accessible area within the assisted property. The policy must contain the address, phone number, email address, and process for submitting complaints and/or appeals or grievances. The subrecipient must provide timely written answers to written complaints and/or appeals and grievances within 15 business days, where feasible. A complaint is defined as a written or verbal statement or grievance that a situation or behavior is unsatisfactory or unacceptable: (1) a Fair Housing or other discriminatory allegation; (2) an allegation of fraud, waste, or abuse; and/or (3) communication of dissatisfaction of a program and/or personnel. HFHA as the subrecipient can file a complaint:

- Regarding their delivery of service
- Staff actions

- Perceived violation of their rights
- Eligibility determination

When appropriate, the DCCED encourages HFHA and other qualified subrecipients, as well as their contractors and applicants and owners of newly constructed units to try to resolve their concerns or disputes directly with a staff person before engaging in a grievance process. If those efforts do not resolve the issue, they may engage the formal complaint or appeal procedure. HFHA, other qualified subrecipients, their contractors as well as applicants and owners of newly constructed units may express their concerns in writing to the email or mailing address below:

Alaska Ombudsman
1500 W Benson BLVD
Anchorage, AK 99503
ombudsman@akleg.gov
(907)269-5290

Staff will investigate the complaint and/or appeal and provide a written response to HFHA, other qualified subrecipients, contractors, applicants or homeowners within 15 working days after receipt of the complaint or appeal.

Complaints and appeals will be handled sensitively and fairly. A thorough review of any applicable program documentation and contractual agreements will be conducted, as well as careful implementation of policies and procedures, and clear and respectful methods of communication will be used to help prevent and resolve complaints and appeals. The public may submit complaints and/or appeals related to CDBG-DR funded activities through any of the following means:

- Via email at: ombudsman@akleg.gov
- Online at: [File a Complaint | Alaska Ombudsman](#)
- Mailed to: **Alaska Ombudsman, 1500 W Benson BLVD, Anchorage, AK 99503**

The complaint and/or appeal will clearly state what the activity and associated program, the nature of the complaint and/or appeals or grievance, and the name, address, and day and evening telephone numbers of the person filing the complaint and/or appeals. Upon receipt of a complaint and/or appeals, DCCED staff will prepare a written substantive response to the complainant and/or appeal within 15 working days. Concerns that are sensitive in nature where the HFHA or other qualified subrecipient, contractors, applicants or homeowners are afraid to address the issue directly with a staff person, may request to have their complaint or/or appeal, or grievance heard by the Alaska Ombudsman.

Complaints alleging violation of fair housing laws can be made to HUD's office of Fair Housing and Equal Opportunity for Region 10, via phone at () or via email to complaintsoffice10@hud.gov.

H. Fraud, Waste and Abuse

Complaints regarding fraud, waste, or abuse of funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.com).

DCCED will make available to HUD detailed Fraud, Waste, and Abuse Policies and Procedures on the Recovery website located at: [www. https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR.aspx](https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR.aspx) to demonstrate adequate procedures are in place to prevent fraud, waste, and abuse. For additional information on DCCED Fraud, Waste and Abuse policies and procedures, please refer to XXX.

I. Procurement

DCCED, HFHA as a subrecipient, and other qualified subrecipients must follow federal, state, and local procurement standards including but not limited to:

- Procurement standards set forth in State procurement requirements or alternatively, at 2 CFR 200.318 - 200.326.
- DCCED Policy and Procedures

Whenever procurement processes conflict, entities must comply with the more stringent regulation. All procurement processes funded with CDBG-DR funds must uphold the principles of:

- Full and open competition.
- Cost/Price analysis (Independent Cost Estimate) done prior to receipt of bids or review of proposals. This is the area where most HUD findings have occurred historically, because the analysis was not independent, or it was not documented prior to receipt of bids or proposals.
- Maintaining records sufficient to detail the history of procurement.

J. Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officers, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from consultant/contractor/vendors or parties to subcontracts.

Provisions described in 2 CFR 200.112, 2 CFR 200.318, and 24 CFR 570.611 and all other HUD regulations currently in effect and as may be amended from time to time shall apply. HFHA as a subrecipient and other qualified subrecipients, shall make certification/disclosure regarding conflict in the execution of the Agreement.

K. Duplication of Benefits

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he/she has received financial assistance under any other program or from insurance or any other source. In accordance with the Stafford Act, Disaster Recovery funds issued through HUD's CDBG-DR program may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

HFHA as a subrecipient, and other qualified subrecipients are required to disclose all other benefits (cash, in-kind, received, or which will be received for the proposed project to ensure that federal funds do not

duplicate funds received from other sources. They will also sign a subrogation agreement as part of the subrecipient agreement. As mandated by regulation, all DCCED projects/activities receiving CDBG-DR funding must evidence an analysis of funds potentially received for the same purpose as the intended CDBG-DR award, otherwise known as a Duplication of Benefits (DOB) analysis. All funded projects/activities must disclose all funding sources, including FEMA awards and private insurance proceeds, to be analyzed.

New Construction – DOB Analysis

With the exception of certain FEMA grants, Small Business Administration (SBA) loans are generally NOT considered to be intended for the purpose of new construction of affordable housing and therefore, would not be considered a Duplication of Benefits. While FEMA grants may present a potential duplication of benefits, DCCED will not provide assistance to any properties located in a flood plain, and accordingly, FEMA National Flood Insurance Program (NFIP) Proceeds will (not) be received by program participants for purposes of the DOB analysis. This presumption does not eliminate the requirement that in the development of new affordable housing funded under this program HFHA as a subrecipient and other qualified subrecipients, must disclose all sources of funding for purposes of DOB analysis. CDBG-DR funds are intended to be the final funding needed to fully support the development budget.

List of Potential Duplicative Benefits

HFHA as a subrecipient, and other qualified subrecipients, must consider the total assistance available to them. This includes all benefits, including cash, insurance proceeds, grants from FEMA, SBA loans, as well as any other assistance received by the applicant/developer from other local, state, or federal programs, or private or public nonprofit charities. HFHA, other qualified subrecipients, and any other developer partners with DCCED should pay special attention to the following potential sources of benefits and confirm that the listed sources of these benefits have been exhausted or may be made available for the project/activity:

- Insurance: All public and private insurance proceeds received must be disclosed by the Applicant. Where necessary, the program will look for “undeclared” insurance benefits as well as confirming those disclosed by the Applicant. Other: Funds received from other sources must be disclosed by the Applicant and verified by the program. Examples include nonprofits, other governmental agencies, and social groups.

L. Environmental Review

CDBG-DR funding from HUD is contingent upon compliance with the National Environmental Policy Act (NEPA) and related environmental and historic preservation legislation and executive orders; therefore, an environmental review record must be completed for all project activities prior to obligation of Program funds. For DCCED to proceed with the environmental review process, HFHA as a subrecipient, and other qualified subrecipients, must provide DCCED with a project description, project location, and project budget.

HFHA as a subrecipient and other qualified subrecipients, should provide maps, drawings, and other information as requested by DCCED in a timely manner. All projects that involve new construction, change of use (as in adaptive reuse projects), or increase the floor area of an existing residential structure by 20% or more must successfully complete an Environmental Assessment (EA) to receive DCCED

funding for their project. For projects that involve substantial rehabilitation of existing residential structures, the level of review will be assessed based on the scope of work. All awards of funding will be considered conditional until the environmental review record is completed. HFHA as a subrecipients and other qualified subrecipients are prohibited from the obligation, expenditure, or disbursement of CDBG-DR or other project funds and must ensure that no “choice limiting actions” occur prior to HUD’s issuance of an AUGF (24 CFR 58.22), and until DCCED issues environmental clearance and Notice to Proceed. DCCED is the Responsible Entity for environmental review records through this Program.

M. Recordkeeping

In accordance with HUD regulations, DCCED follows the record retention requirements cited in 2 CFR 200, which includes financial records, supporting documentation, statistical records, and all other pertinent records. HFHA as a subrecipient and other qualified subrecipients must retain all financial records, supporting documentation, statistical records, and all other records pertinent to the agreement for six (6) years from the time of closeout of HUD’s grant to DCCED or for the period provided in the CDBG regulations at 2 CFR 200.333.

Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the expiration of the retention period, then all such records must be retained until completion of the actions and resolution of all issues, or the retention period, whichever occurs later. HFHA, other qualified subrecipient and each contractor of a subrecipient are required to establish and maintain at least three major categories of records: Administrative, Financial, and Project/Case Files.

N. Personally Identifiable Information and Client Confidentiality

DCCED HFHA as a subrecipient and other qualified subrecipients must take reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or the State designates as sensitive or that the subrecipient considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality. HFHA as a subrecipient and other qualified subrecipients are required to adhere to DCCED’s data privacy policies and procedures.

O. Section 3

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, subgrantees, subrecipients, contractors, subcontractors, and/or developers funding in whole or in part by CDBG-DR funding, to the greatest extent feasible, extend hiring opportunities and contracts to Section 3 eligible residents and businesses. The Final Rule for Section 3 was adopted in November 2020 and is found at 24 CFR Part 75.

Section 3 requirements apply to all CDBG-DR funded housing rehabilitation, reconstruction, elevation or new construction and any other public construction project that has a total project cost of \$200,000 or more. The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing. Section 3 applies to the entire project even when the CDBG-DR funds are only a portion of the total funding.

In accordance with 24 CFR 75.3(b), Section 3 requirements do not apply to material supply contracts.

P. Davis-Bacon and Related Acts (DBRA) Labor Standards

HUD funded housing construction projects consisting of properties with eight (8) or more residential units are subject to Davis-Bacon and Related Acts regulations. This applies to contractors and subcontractors carrying out federally funded or assisted contracts in excess of \$2,000 for corresponding work on similar projects in the area. Other related acts that could apply include:

- Contract Work Hours and Safety Standards Act - For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week.
- The Hatch Act – A federal law passed in 1939, limits certain political activities of federal employees, as well as some state, D.C., and local government employees who work in connection with federally funded programs. The law’s purposes are to ensure that federal programs are administered in a nonpartisan fashion, to protect federal employees from political coercion in the workplace, and to ensure that federal employees are advanced based on merit and not based on political affiliation.
- Copeland “Anti-Kickback” Act – requires that workers be paid weekly, that deductions from workers’ pay be permissible, and that contractors maintain and submit weekly payrolls.

Additionally, DCCED, HFHA as a subrecipient, other qualified subrecipients and subrecipient contractors, must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. DCCED will monitor to ensure that its CDBG-DR program and services are in compliance with DBRA through the submission of certified payroll records and interviews of prime and subcontractor laborers.

DCCED serves as the central point of contact for Davis-Bacon and Related Acts (DBRA) and Section 3 reporting and compliance for the DCCED and its subrecipients, developers, contractors, and subcontractors.

All qualified subrecipients/with construction activities are required, as a condition of the subrecipient agreement, to appoint and maintain a Labor Standards Officer (LSO), including those with Force Account approval (construction carried out by employees of the subrecipient). The LSO may be an employee of the subrecipient/developer or a private consulting firm. The primary qualification of an LSO is to have a good understanding of HUD’s overall compliance requirements with the federal prevailing wage obligations applicable to HUD-funded CDBG programs.

Plans and Specifications

HFHA as a subrecipient and other qualified subrecipients is responsible for completing plans and specifications which conform to DCCED’s Construction Standards. Plans/specifications will include the following:

- General requirements for which the builder is responsible (permits, fees, mobilization, site utilities, site security, builder’s risk insurance, homebuyer warranties, etc.)
- Site plans, including (if applicable): fencing, landscaping, or other site improvements

- Working drawings and material specifications HFHA, and other qualified subrecipients, will submit all required labor standards documents with monthly Financial Progress Reports to DCCED.

Q. Fair Labor Standards Act of 1938, as Amended

The Fair Labor Standards Act of 1938, as amended (FLSA), establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project. Excluding the exceptions listed below, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under DCCED's CDBG-DR program, must be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. Exceptions to FLSA include:

- Construction contracts of \$2,000 or less;
- Real property acquisition;
- Architectural and engineering fees;
- Other services (such as legal, accounting, construction management);
- Other non-construction items (such as furniture, business licenses, real estate taxes);
- Rehabilitation of residential property designed for fewer than eight families;
- Debris removal, demolition, and/or clearance activities, unless related to construction (demolition and clearance as independent functions are not considered construction).

R. Uniform Relocation Act (URA) and Real Property Acquisition

In order to carry out Program activities in compliance with URA requirements, DCCED has adopted the Uniform Relocation Act (URA) Policy. This document provides program staff and contractors with Standard Operating Procedures to meet URA requirements for the temporary and permanent displacement of tenants. HFHA and other qualified subrecipients are required to comply with the URA in the event that any CDBG-DR funded activities result in a displaced person. Displaced person, in part (49 CFR 24.2(a)(9)), is defined as any person who moves from the real property or moves his or her personal property from the real property as a direct result of written notice of intent to acquire, the initiations of negotiations for, or the acquisition of such real property in whole or in part as a direct result of a federally funded project. A person can be an individual, family, partnership, corporation, or association.

In this program, URA requirements will apply where there is a tenant living in a property where CDBG-DR funds are used. The program aims to follow URA guidelines established for temporary, and when applicable, permanent relocation. Eligible tenants are not considered voluntary participants in the program and will be eligible for either temporary or permanent URA assistance depending on the number of months the tenant must be displaced.

S. Residential Anti-Displacement

HFHA and other qualified subrecipient must adopt the DCCED's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) or adopt a local RARAP that meets the requirements established by DCCED. HFHA, other qualified subrecipients, or subrecipient contractors must also provide the following benefits to households or businesses that they displace:

- relocation advisory services;
- a minimum of 90-day notice to vacate;
- reimbursement for moving expenses; and
- payments for added cost of renting or purchasing comparable replacement housing.

11. Award and Agreement

A. Performance Period and Measures

The expected outcome of each award is that the subrecipient or developer will create affordable single-family housing units in compliance with all program requirements. The number of units for each award will be specified in the scope of work and monitored by DCCED throughout the project. The performance period and measures for all approved activities will be defined in the subrecipient agreement, MOU, and/or project file, as applicable. DCCED may approve an extension to the period of performance, contingent on overall grant timeline and HUD approval if HFHA as a subrecipient, or other qualified subrecipient, demonstrates reasonable justification. CDBG-DR affordability restrictions will be enforced through a recorded Restrictive Covenant or Deed Restriction on the income-eligible homebuyer. Municipality of Anchorage has adopted the following affordability period for activities funded under this program:

Activity	Affordability Period	Amortization/Repayment
Affordable Single-Family Housing Development (New Construction)	5 years	Amortization begins at year 1. Loan is forgiven at 20% per year on the anniversary of the closing date and fully forgiven at year 5.

Accomplishments

Performance Measure

Activity funds eligible for DREF (Ike Only)

ELI Households (0-30% AMI)

#Low flow showerheads

#Low flow toilets

of Elevated Structures

of Section 3 Labor Hours

of Targeted Section 3 Labor Hours

of Total Labor Hours

#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Units with other green

#Units with solar panels

Affordability and Repayment Mechanisms

DCCED will secure funds provided for the development or preservation of affordable housing through a mortgage and note. The mortgage and note will be filed as soon as practicable after assistance is provided, in the official records of Municipality of Anchorage.

DCCED will secure continued affordability of the housing units through a restrictive covenant running with the property. The deed restriction will be filed as soon as practicable after assistance is provided, in the official records of Municipality of Anchorage.

Recapture Provisions

DCCED has elected to use “Recapture” as the primary method of ensuring affordability for low- to moderate-income households. The subrecipient agreement between DCCED and HFHA as a subrecipient, and any agreements with other qualified subrecipients, will include the recapture provision that will be used to ensure continued affordability and will accurately reflect the recapture provisions, requirements that must be imposed on the housing, the sales price, or the basis upon which the sales price will be determined, and the disposition of the sales proceeds.

Under recapture provisions, financial assistance must be repaid if direct subsidy is provided to the subrecipient. Once the CDBG-DR funds are repaid to the State, the property is no longer subject to any CDBG-DR restrictions. Funds returned to the State under the recapture provision are considered program income in accordance with 24 CFR 570.489(e), 24 CFR 570.500, 24 CFR 570.504 and the Federal Register notice at 83 FR 5844, and must be used for CDBG-DR eligible activities, unless CDBG-DR program income has been transferred to the State’s CDBG program, in which case the program income must be used for CDBG eligible activities.

HFHA as a subrecipient, and other qualified subrecipients, may be required to repay all or a portion of the funds it was awarded. The reasons for recapture include, but are not limited to, the following:

- HFHA as a subrecipient, or other qualified subrecipient, does not comply with the terms of the Subrecipient Agreement

- HFHA as a subrecipient, or another qualified subrecipient, withdraws from the Program prior to completion of the project and/or fails to meet a HUD national objective
- A project does not meet HUD and/or DCCED requirements
- HFHA or other qualified subrecipient is found to have used program funds for an ineligible activity or cost
- HFHA or other qualified subrecipient receives assistance for the same purpose as the funded CDBG-DR project, including but not limited to, insurance settlement funds, FEMA assistance, nonprofit assistance
- Funds are remaining after the project is completed, the expenditure deadline has passed, or the Subrecipient Agreement has expired
- Sale, transfer, refinance or foreclosure of the property

The homebuyer may sell the property at any time to any willing buyer at any price. If a DCCED loan agreement was used as the enforcement of the affordability period, once the property is sold and the balance of funds owed to the State are repaid, the property is no longer subject to any CDBG-DR restrictions.

Resale Provision

The Recapture provision cannot be used when a project receives ONLY a development subsidy and is sold to an income-eligible homebuyer at fair market value because there is no direct subsidy to recapture from the homebuyer. Instead, the Resale provision must be used.

Resale provision ensures that when an assisted homebuyer sells his/her property, either voluntarily or involuntarily, during the Affordability Period, if:

- The property is sold to another low/mod income homebuyer who will use the property as their principal residence;
- The original homebuyer receives a fair return on investment (i.e. the homebuyer's contribution toward down payment, if any plus capital improvements made to the property during ownership); and
- The property is sold at a price that is affordable to a reasonable range of low/mod income buyers.

If CDBG-DR funds are provided to a project to develop the affordable housing units and funds are not used to lower the purchase price from fair market value to an affordable price, the Resale provision must be used.

12. Construction Management

A. Green Building and Energy Efficiency Standards

All housing units must meet current adopted International Residential Building codes and the State of Alaska Building Energy Efficiency Standards. The new construction of housing funded by CDBG-DR is also required to meet the HUD Green and Resilient Building Standards for all new construction. Per the requirements of the February 9, 2018, Federal Register Notice (83 FR 5850), those standards may include:

- ENERGY STAR (Certified Homes or Multifamily High-Rise),
- Enterprise Green Communities,
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development),
- ICC–700 National Green Building Standard
- EPA Indoor AirPlus (ENERGY STAR a prerequisite), or
- Any other equivalent comprehensive green building program acceptable to HUD.

B. Resiliency

It is DCCED policy to prohibit any activities within areas of mitigation interest (i.e. Seismic Hazard Zones 4 and 5, High Ground Failure Susceptibility and Very High Ground Failure Susceptibility; the Bootlegger Cove Special Landslide Hazard Area; the Lower Fire Lake Dam Inundation Area; mapped avalanche zones, any Special Flood Hazard Areas and Tsunami Inundation Areas) and within areas determined to be non-compliant with the HUD Environmental Review requirements, such as High Noise Areas, Airport Hazards and areas determined to be “Incompatible for Residential Land Use” or “Residential Land Use with Conditions” in the Joint Base Elmendorf-Richardson Air Installations Compatible Use Zone Study.

C. Broadband Infrastructure in Housing

DCCED requires that any substantial new construction of a building must include installation of broadband infrastructure.

D. Construction and Elevation, Flood Insurance Standards

It is DCCED policy to prohibit any activities under this program on properties located in a floodplain. Nonetheless, to ensure compliance with Federal requirements and to ensure future flood resistance and the safety residents, DCCED subrecipients and comply with elevation standards established by FEMA and its National Flood Insurance Program (NFIP) defined at 44 CFR 59.1, Insurance and Hazard Mitigation, and 24 CFR 55.2(b)(10). All programs for new construction and repair of substantially damaged or substantially improved structures will meet these guidelines:

- For new construction of structures principally for residential use and located in the 1 percent annual (or 100-year) floodplain must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation.
- All Critical Actions, as defined at 24 CFR 55.2(b)(3), in the 500-year floodplain.
- Must be elevated or floodproofed (in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(2)– (3) or successor standard). FEMA Flood Insurance Rate Maps (FIRMs) for Municipality of Anchorage. The elevation requirement will be based on the higher of the 500-year floodplain or 3 feet above the 100-year floodplain. Critical Actions are defined as “any activity for which even a slight chance of flooding would be too great, because such flooding might result in loss of life, injury to persons or damage to property.”

- Activities subject to elevation requirements must comply with applicable federal accessibility mandates.

In addition to complying with all general federal flood insurance requirements, HUD assisted property owners must comply with provisions specifically tied to receiving disaster response assistance. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106), requires that recipients of financial assistance maintain flood insurance. DCCED will not undertake any activities under this program at properties located in a floodplain. Nonetheless, if ever applicable, DCCED will ensure that property owners in a Special Flood Hazard Area obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program (NFIP) regardless of whether there is a federally backed mortgage on the property.

E. Payment and Performance Bond

HFHA as a subrecipient and other qualified subrecipients shall ensure that the General Contractor complies with bonding regulations found at 2 CFR 200.326. If the subrecipient/developer has bonding policies that can be proven to adequately protect the federal interest in the project, their bonding policies may be used with DCCED's approval. If such policies or determinations have not been made, bid guarantees, performance bonds, and payment bonds should be utilized as appropriate. Bonds shall be made payable to the State of Alaska and in compliance with 2 CFR 200.326. The surety issuing the bond must be on the current list of acceptable sureties on federal bonds published by the U.S. Treasury Department (<https://www.fiscal.treasury.gov/surety-bonds/list-certifiedcompanies.html>).

F. Notice to Proceed

Prior to commencement of construction, HFHA as a subrecipient and other qualified subrecipients must receive a Notice to Proceed issued by DCCED. The Environmental Review Record (ERR) process must be completed prior to receiving a Notice to Proceed.

G. Construction Monitoring, Periodic and Final Inspections

HFHA as a subrecipient, and other qualified subrecipients, are responsible for monitoring the quality, completeness and conformity to specifications of all work performed by third party contractors. DCCED staff will also conduct periodic site inspections to ensure continued progress toward completion of construction and to ensure continued compliance.

H. Retainage

DCCED shall retain **10** percent (%) from each draw until satisfactory completion of the development. The final request for disbursement of retainage will be submitted to DCCED no later than sixty (60) days after the termination date of the written Subrecipient Agreement.

I. Warranties

Per HUD requirements, DCCED will require HFHA as a subrecipient, and other qualified subrecipients, to provide a warranty period postconstruction with a formal notification to beneficiaries on a periodic basis (e.g. 12 months and one month before expiration date of the warranty period).

J. Construction Disputes

As a condition of receiving federal grant funding for construction-related activity under this program, HFHA as a subrecipient, and other qualified subrecipients, will acknowledge and agree that DCCED shall have the right to:

- Periodically inspect Contractor's work;
- Verify Contractor's payment applications and request supporting documentation for payment applications;
- Review and approval all change orders, claims for extra work or requests for time and extensions, including requests for supporting documentation or schedule analysis;
- Answer requests for information concerning construction documents;
- Monitor Contractor's compliance with CDBG-DR rules;
- Assist in the resolution of any dispute between Contractor and owner;
- Review Contractor's good faith efforts under Section 3

Unless otherwise provided in the construction contract, counterclaims, disputes and other matters in question between HFHA as a subrecipient and its contractors, other qualified subrecipients and their contractors, arising out of or relating to the construction contract, or breach of it, will be decided by arbitration, if the parties mutually agree, or in an Alaska court of competent jurisdiction.

13. Procurement and Cost Considerations

A. Cost Estimates

HFHA as a subrecipient and other qualified subrecipients, are responsible for producing cost estimates including builder overhead and profit in a form approved by DCCED, as follows:

- Cost estimates for construction of new structures will be based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently built or renovated structures.
- Site improvement cost estimates will be completed for each improvement and based on take-offs of quantities of materials and labor required.
- If construction work is competitively bid, the cost estimate will be used to determine the cost reasonableness of bids.
- If work to be completed is to be done by a developer acting as general contractor, the cost estimate for each CDBG-DR project must be reviewed by the HFHA or other qualified subrecipients and DCCED to determine cost reasonableness and must be approved by DCCED. When approved, the cost estimate becomes a schedule of values which is used by the subrecipient's/developer's construction inspector to determine the value of work completed for the purpose of approving draw requests. Likewise, if a contractor has been simply designated and not selected through a competitive bidding process, the price proposal of such contractor must be reviewed by HFHA as a subrecipient (or other qualified subrecipients) and DCCED to determine cost-reasonableness and approved by DCCED. When approved (and possibly amended by DCCED), the price proposal becomes a schedule of values which is used by

DCCED's construction inspector to determine the value of work completed for the purpose of approving draw requests.

B. Bid Packages

HFHA as a subrecipient, and other qualified subrecipients, must develop bid packages with the following components for all work being performed by third-party firms: Additional local and state procurement rules should be followed by the subrecipient.

- A request for proposals narrative that includes a general description of the RHP's processes for bidding, awards, construction monitoring, lien waivers, and construction draws. The narrative will state that retainage equal to 10% of the contract amount will be held back until the punch list is completed. The narrative will include the method of submitting proposals, a due date, and criteria for selection;
- Plans and specifications (or work write-up) including general requirements, site plans, materials specifications;
- A form for describing the bidder's experience and licenses;
- Evidence of required insurance;
- A price proposal form;
- Requirements for complying with Section 3; minority and women's business enterprise provisions, lead hazard abatement and other requirements related to federal funding.

DCCED must issue concurrence for all solicitation documents.

C. Cost Considerations

HUD's regulations at 2 CFR 200 outline the requirement to analyze and confirm that all costs associated with a project that include the procurement of services or materials are determined to be necessary, reasonable (2 CFR 200.404), allocable (2 CFR 200.405) to the HUD grant, and otherwise in conformance with the general criteria for allowable costs set forth in 2 CFR 200 Subpart E.

In addition, HUD's regulations at 24 CFR 84, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and 24 CFR 85, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments," require grantees to perform a cost or price analysis for every procurement action, including contract modifications (e.g., "change orders"), using HUD grant funds.

This required analysis of both price and cost will be applied to every application for funding received under this Program. Price analysis must be used when comparing lump sum prices - not cost estimates - received from contractors in a competitive pricing situation (e.g., when sealed bids are obtained).

Cost analysis is used whenever the grantee or its subrecipient does not have price competition. A cost analysis is required when:

- Using the competitive proposal (or "negotiated") method of contracting (see State of Alaska procurement requirements or 2 CFR Part 200 procurement requirements applicable to state, as applicable), e.g., for acquiring professional, consulting or architect/engineering (A/E) services.

Under the competitive proposal method, offerors are required to submit cost proposals that show the elements (e.g., labor, materials, overhead, profit) of their proposed costs or price.

- After soliciting competitive sealed bids, if only one bid is received, and it differs substantially from the independent estimate of the contract price (if any). If it is determined that the bid is unreasonable and the decision is made to not recompet (e.g., market survey indicates that no competition is available), then HFHA as a subrecipient, or other qualified subrecipients, may formally cancel the solicitation and negotiate a contract price with the single bidder. In that case, HUD requires that a cost breakdown be obtained from the single bid price and use cost principles to analyze.
- Negotiating a modification (including change orders) to any type of contract, if the modification changes the work authorized under the contract, and changes the price or total estimated cost, either upwards or downwards. HFHA as a subrecipient, and any other qualified subrecipients must obtain a detailed breakdown of the contractor's proposed cost - not a lump sum proposal - before negotiating the change in contract price.

CAUTION: Modifications that change the work beyond the scope of the contract must be justified in accordance with the conditions set forth in State procurement requirements or 2 CFR procurement requirements applicable to states, as applicable. If the out-of-scope change cannot be justified, it is required that the work be competitively procured.

14. Financial and Performance Management

A. Regular Meetings

DCCED will coordinate with HFHA as a subrecipient, or with other qualified subrecipients, to establish a regular meeting schedule. The frequency of these regularly scheduled meetings may vary, depending on the subrecipient/developer risk, need for technical assistance, project status, and/or status with meeting timeline benchmarks.

B. Risk Assessment

HFHA as an RHP subrecipients, and any other qualified subrecipients, will undergo an annual Risk Assessment. DCCED may perform additional Risk Assessments, as needed. HFHA or other qualified subrecipients may ask DCCED to perform another Risk Assessment if they believe there have been changes in their organizational risk.

C. Payment Requests

Construction draw requests will be presented by HFHA as a subrecipient, any by any qualified subrecipient, to DCCED along with lien waivers and any other required attachments described within the subrecipient agreement. Payments will be made directly to HFHA as a subrecipient, or to other qualified subrecipients, as reimbursements based on the documented completion of agreed upon performance and project milestones, as outlined in the subrecipient agreement.

Reimbursement based means that activity delivery and project costs must be incurred and paid by the subrecipient and/or developer and documented as required by the terms of the subrecipient agreement

for payment of invoices. Requests for reimbursement may include soft costs in the approved project budget, up to the aggregate total amount of the line-item budget amounts for construction and soft costs. DCCED may approve draw requests or deny all or a portion of a draw request for cause.

HFHA and other qualified subrecipients will submit payment requests through the system of record, per the frequency and deadlines specified in the subrecipient agreement. Upon receipt of a request for payment, DCCED will confirm the following are true:

- The payment request is in the proper format, mathematically correct, and contains all the necessary back-up information, as required;
- Expenditures are allowable according to the contract budget, term and program guidelines;
- Adequate back-up documentation is included to support the request;
- Disbursements balance to the budget and history of disbursement in the system of record;
- The request is signed and dated by the person authorized in the contract; and
- The organization or contract is not currently suspended.

D. Technical Assistance and Office Hours

DCCED may provide individual technical assistance, training and/or office hours to subrecipients/developers to help meet their compliance and performance requirements. This is available to subrecipients/developers beyond their regularly scheduled meetings.

Publicly available office hours will be noticed on DCCED's website, and the questions and answers will be captured within the DCCED appropriate Frequently Asked Questions document on the website.

E. Reporting

HFHA and other qualified subrecipients will submit all reports via the Grant Management System. The subrecipient agreement will specify the date by which reports must be submitted. DCCED will review the submitted reports and will let subrecipients/developers know if their report is complete or if additional information is required and will provide a deadline for submitting the corrected or additional information.

HFHA's failure to submit any required reports or documents by a specified due date can be suspended and payment withheld until all requirements are satisfied.

F. Subrogation: Post Award Duplication of Benefits

HFHA and other qualified subrecipients are required to report and certify whether additional funds were received for project related expenses, the amount, and when funds were received. If additional funds were received that are determined to be duplicative, repayment shall be required in accordance with the Subrecipient Agreement.

All duplicative assistance received by HFHA as a subrecipient or by other qualified subrecipients or DCCED must be recounted for and remitted to DCCED, regardless of when HFHA, another qualified subrecipient, or DCCED receives it.

G. Fixed Assets (Personal Property): Reporting, Tracking, and Disposition

If HFHA or other qualified subrecipient receives funds to purchase equipment or personal property with a life of more than one year and an acquisition cost of \$1,000 or more, they will be required to comply with 2 CFR 200.439 guidelines for the allowability of equipment and property.

H. Program Income

In accordance with 24 CFR 570.500, 24 CFR 570.504 and Federal Register notice 83 FR 5844, net income generated from the use of CDBG-DR funds allocated under this Program is recognized by DCCED as program income that will be required to be returned to DCCED. Any program income derived by HFHA or other qualified subrecipient, including interest income from collateral accounts, will be returned to DCCED. Projects/activities that generate program income must include documentation. HFHA as a subrecipient, and other qualified subrecipients, must continue to comply with tracking and reporting requirements for program income.

15. Administrative Records

Administrative records include files and records that apply to the overall administration of the subrecipient's CDBG-DR activities. They include the following:

- Personnel files
- Property management files
- General program files: files related to subrecipient/developer's project
- Subrecipient Agreement, program policies and guidelines
- Correspondence with DCCED and all reports
- Legal files: Articles of Incorporation, bylaws, tax status, board minutes
- Contracts and other agreements related to the funded project

A. Financial Records

Financial records include, and must be made available to DCCED, HUD, HUD OIG or any other entity reviewing records associated with a CDBG-DR funded project:

- Chart of accounts.
- Manual on accounting procedures.
- Accounting journals and ledgers.
- Source documentation (purchase orders, invoices, cancelled checks, etc.).
- Procurement files (if applicable).
- Bank account records.
- Financial reports.
- Audit files.

B. Insurance and Property Management

For all projects in the Program, HFHA as a subrecipient, and any other qualified subrecipients, must ensure that appropriate insurance is secured and maintained for, at a minimum, the duration of the applicable affordability period to protect all contract assets from loss due to any cause such as theft, fraud, and physical damage.

C. Project/Case Files

Project/Case Files are files that document the activities undertaken with respect to specific individual homebuyer beneficiaries, property owners, and/or properties. These files must be created, maintained, and made available to DCCED, HUD, HUD OIG or any other entity reviewing records associated with the CDBG-DR funded project.

D. Record Retention

Record retention is a requirement of this Program. Records are maintained to document compliance with Program requirements and Federal, State and local regulations to facilitate review or audit by HUD. DCCED will seek to ensure that:

- DCCED complies with all requirements concerning records and records management practices under federal and state regulations;
- DCCED has the records it needs to support and enhance ongoing business and citizen service, meet accountability requirements and community expectations;
- These records are managed efficiently and can be easily accessed and used for as long as they are required; and
- These records are stored as cost-effectively as possible and when no longer required they are disposed of in a timely and efficient manner.

E. Access to Records (24 CFR 570.490)

Federal regulations include the following recordkeeping requirements:

- Representatives of HUD, the Inspector General, and the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt, and use of CDBG (and CDBG-DR) funds and necessary to facilitate reviews and audits;
- DCCED shall provide citizens with reasonable access to records regarding the past use of CDBG (and CDBG-DR) funds consistent with State requirements concerning the privacy of personal records.

The availability of records is subject to the exceptions to public disclosure set forth in the Alaska Public Records Act (ARPA).

16. Monitoring

Monitoring activities for all subrecipients, contractors and State departments occur on a daily, monthly, quarterly, and annual basis to inspect, review and report on the entity's compliance with the terms and conditions of the agreement, program policies, and to ensure satisfactory performance.

The overarching goal of monitoring is to determine compliance, prevent/identify deficiencies, and design corrective actions to improve or reinforce agreement performance. As part of this process, staff should be alert for fraud, waste and mismanagement or situations with potential for such abuse. Where possible, any identified deficiencies in need of corrective action should be handled through discussion, negotiation, or technical assistance in a manner that maximizes cooperation and compliance. Monitoring also provides opportunities to identify program participant accomplishments as well as successful management, implementation and evaluation techniques that could be replicated by other State of Alaska CDBG-DR funding recipients.

The frequency at which the DCCED will monitor subrecipients and contractors will be included in a monitoring work plan for each subrecipient/developer, which is informed by the risk assessment. DCCED may adjust the monitoring work plan due to various factors, such as:

- Activity risk
- Any fiscal-related concerns, discrepancies, or invoicing/drawdown activity
- Concern(s) for timely activity completion
- Significant changes to the project or project staff
- Other compliance-related issues

HFHA as a subrecipient, other qualified subrecipients, and DCCED are responsible for monitoring their vendors and contractors to ensure compliance with the terms and conditions of the contract.

The results of the monitoring review may require corrective action by the subrecipient/developer or contracted vendor. A monitoring report will be issued which outlines the findings, concerns, and/or observations and identifies corrective actions to be carried out to remedy identified deficiencies.

A. Ongoing Monitoring

HFHA as a subrecipient, and other qualified subrecipients, shall be responsible for all management functions of the RHP single-family housing program including construction, initial intake and income eligibility of homebuyer applicants, ensuring completion of required homebuyer education by all homebuyer applicants, selection of the homebuyers, and overseeing the primary mortgage lending and sales closing details in accordance to program requirements.

17. Closeout

While planning for project closeout begins at the time of project award, completing closeout begins with completion of closeout checklists. The project closeout is the process by which DCCED determines that all requirements of the subrecipient agreement between DCCED and HFHA (or other qualified subrecipient) for a specific project have been completed in accordance with the terms and conditions of the Agreement. Project closeout begins when:

- All project expenses (including those to be paid with non-CDBG-DR funds) to be paid have been completed and payment requested.
- Approved work has been finished.
- Any other responsibilities detailed in the subrecipient agreement have been fulfilled.
- All monitoring or audit findings have been cleared.

Project closeout consists of:

- A closeout request, with applicable project documents attached, submitted to DCCED by HFHA or other qualified subrecipient;
- A project closeout checklist completed and approved by the DCCED or other departments of the State of Alaska, as appropriate; and
- A project closeout letter sent to the partner and to DCCED and any associated departments, as appropriate.

In addition, the status projects funded under RHP must be updated in HUD's Disaster Recovery Grant Reporting (DRGR) system, and a final HUD quarterly narrative report must be submitted by DCCED to reflect the program's status. For RHP projects financed by the State of Alaska's CDBG-DR funds as well as other CDBG-DR funds, project closeout occurs when all funds are spent, and every dollar of the State's CDBG-DR funding is compliant with a national objective.

18. Acronyms and Definitions

A. Acronyms

Acronym	Name
ADA	Americans with Disabilities Act
AMI	Area Median Income
AUGF	Authority to Use Grant Funds
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant – Disaster Recovery
CFR	Code of Federal Regulations
DBRA	Davis-Bacon and Related Acts
DCCED	State of Alaska/Department of Commerce, Community, and Economic Development
DOB	Duplication of Benefits
DOL	U.S. Department of Labor
DRGR	Disaster Recovery Grant Reporting System
EA	Environmental Assessment
EPA	U.S. Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FLSA	Fair Labor Standards Act
FUTA	Federal Unemployment Tax Act
GED	General Education Development
HFHA	Habitat for Humanity Anchorage
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing and Urban Development

HUD CPD	HUD Office of Community Planning and Development
HUD OIG	HUD Office of Inspector General
ICC	International Code Council
LBP	Lead-Based Paint
LAP	Municipality of Anchorage's Language Access Plan
LEP	Limited English Proficiency
LMH	Low/Moderate Income Housing
LMI	Low/Moderate Income
MBE	Minority Business Enterprise
NEPA	National Environmental Policy Act
NOFA	Notice of Funding Availability
PII	Personal Identifiable Information
RARAP	Residential Anti-Displacement and Relocation Assistance Plan
SBA	U.S. Small Business Administration
SOP	Standard Operating Procedure
SUTA	State Unemployment Tax Act
TDD	Telecommunications Device for the Deaf
URA	Uniform Relocation Act
U.S.C.	United States Code

B. Definitions

Affirmative Marketing and Outreach – making known that use of facilities, assistance, and services are available to all on a nondiscriminatory basis as defined in 24 CFR 576.407(b). If it is unlikely that the procedures that the subrecipient/developer intends to use to make known the availability of the facilities, assistance, and services will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the subrecipient/developer must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. The subrecipient/developer must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI and Executive Order 13166, subrecipients/developers are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

Affordable Housing – In general, housing for which the occupant(s) is/are paying no more than 30 percent of their income for gross housing costs, including utilities. DCCED will make every effort to meet this requirement, but affordability will be contemplated on a case-by-case basis.

Affordability Period – To ensure that the CDBG-DR investment in homeownership properties yield affordable housing, DCCED is complying with the governing Federal Register notices and the approved Action Plan applicable to the HUD CDBG-DR allocation for the 2018 Cook Inlet earthquake which imposes income and occupancy requirements over the length of a compliance period, known as the Affordability Period, for all RHP housing projects. All DCCED units under the RHP must be restricted during the Affordability Period for LMI persons/households.

Applicant – Any entity that submits an application for housing to a subrecipient of DCCED for the RHP.

Appeal – A written request by an Applicant asking for the reversal of a determination that affects the eligibility and/or amount of assistance the applicant may receive from the Program.

Area Median Income (AMI) – The median (midpoint) household income for an area, adjusted for household size, as published and annually updated by the U.S. Department of Housing and Urban Development (HUD). Once household income is determined, it is compared to HUD's income limit for that household size. Income limits are adjusted annually for all Metropolitan Statistical Areas (MSAs).

Community Development Block Grant – Disaster Recovery (CDBG-DR) – HUD funding allocated to eligible disaster recovery entities via congressional appropriations.

Davis-Bacon Act of 1931 (40 U.S.C. 3141, et seq.) and Related Acts – Federal law that requires that all laborers and mechanics employed by contractors or subcontractors in the performance of work financed in whole or in part with federal assistance shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the U.S. Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to rehabilitation, reconstruction and new construction of residential property only if such property contains not less than eight (8) units.

Developer – Developer is defined by HUD as “[a] for-profit or private non-profit individual or entity that the grantee provides HUD assistance for the purpose of (1) acquiring homes and residential properties to

rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with redevelopment of demolished or vacant properties.” For the purposes of this manual, developer responsibilities shall be construed as subrecipient/developer responsibilities and

DCCED will have direct agreements with either the developer or a subrecipient.

Disability – For the purposes of this Program, “disability” is consistent with federal law under the Social Security Act, as amended (42 U.S.C. 423(d)), the Americans with Disabilities Act of 1990, as amended (42 U.S.C. 12102(1)-(3), and in accordance with HUD regulations at 24 CFR 5.403 and 891.505.

Duplication of Benefits – Provision of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) that prohibits a person, business concern, or other entity from receiving financial assistance from federal disaster funds with respect to any part of a loss resulting from a major disaster as to which that person or entity has already received financial assistance under any other program, insurance, or other source.

Elevation Standards – Standards that apply to new construction, repair of Substantial Damage, or Substantial Improvement of structures located in an area delineated as a Special Flood Hazard Area or equivalent in FEMA’s data source identified in 24 CFR 55.1(b)(1).

Environmental Review – A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents. All qualified projects must undergo an Environmental Review process. This process ensures that the activities comply with the National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Fair Housing Act (FHA) – The Fair Housing Act of 1968 (42 U.S.C. 3601-3619), prohibiting discrimination against protected classes of people in the sale or rental of housing, in the provision of housing assistance, or other housing-related activities. The FHA obligates HUD grantees and their subrecipients/developers to take reasonable steps to ensure meaningful access to their programs and activities for protected classes. The FHA also requires HUD and its program participants to affirmatively further the purposes of the FHA.

Federal Emergency Management Agency (FEMA) – The Federal Emergency Management Agency is an agency of the U.S. Department of Homeland Security. It was created by Presidential Order on April 1, 1979. The primary purpose of FEMA is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

Federal Register – The official journal of the Federal government of the United States that contains government agency rules, proposed rules, and public notices. It is published daily, except on federal holidays. A Federal Register Notice (FRN) is issued for each CDBG-DR funded disaster. The FRN outlines the rules that apply to each allocation of disaster funding.

Flood Insurance – The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012(a)) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Area (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community where the property is located must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used.

Floodplain – FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

Grantee – Any jurisdiction receiving a direct award of funding from HUD.

Green Building Standards – All construction-related activity that meets the definition of substantial improvement, reconstruction, or new construction must meet an industry recognized standard that has achieved certification under at least one of the following programs: (1) Enterprise Green Communities; (2) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development; (3) ICC-700 National Green Building Standard Green or Green+ Resilience; (4) Living Building Challenge; or (5) Any other equivalent comprehensive green building program acceptable to HUD.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other.

HUD – U.S. Department of Housing and Urban Development, a federal department through which program funds are distributed to grantees.

Limited English Proficiency (LEP) – A designation for persons who are unable to communicate effectively in English because their primary language is not English, and they have not developed fluency in the English language. A person with Limited English Proficiency may have difficulty speaking or reading English. An LEP person benefits from an interpreter who translates to and from the person's primary language. An LEP person may also need documents that are written in English to be translated into their primary language so that they can understand important documents.

Low- to Moderate Income (LMI) National Objective - One of three national objectives that any CDBG activity must meet. Activities that meet the LMI objective must benefit households whose total annual gross income does not exceed 120% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with HUD Guidance. The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

- **Extremely Low:** Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size.
- **Very Low:** Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size.
- **Low:** Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.
- **Moderate:** Household's annual income is between 81% and 120% of the area median family income, as determined by HUD, adjusted for family size.

Low/Moderate Housing (LMH) - A subordinate HUD National Objective under the LMI (Low/Mod Income) objective.

Metropolitan Statistical Area (MSA) – An area with at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core, as measured by commuting ties.

National Environmental Policy Act (NEPA) - Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.

National Objective - A HUD criterion governing eligible uses of CDBG-DR funds.

Partner - Various entities will be responsible for implementing program activities. The term Partner is used throughout to denote the relationship between Municipality of Anchorage and entities like subrecipients and developers.

Program Income – Program income is the gross income received by the grantee or subrecipient that is directly generated by grant-supported activities.

Reasonable Accommodation – Under the Fair Housing Act, a reasonable accommodation is a change, exception, or adjustment to a rule, policy, practice, or service.

Recapture of funds – The process in which benefits or funds were found to be duplicated and requiring repayment of partial or full CDBG-DR awarded funds amount.

Single-Family Home – Single-Family refers to one- to four-unit dwellings.

Special Flood Hazard Area (SFHA) - An area identified by FEMA as an area with a special flood or mudflow, and/or flood related erosion hazard, as shown on a flood hazard boundary map or flood insurance rate map.

Special Needs Populations - A specified group of individuals including people experiencing homelessness or imminently at risk of homelessness; people with mental, physical or developmental disabilities; people with substance use disorders; children in foster care and youth aging out of foster care; survivors of domestic violence; adults re- entering the community after being released from correctional facilities; or as defined in local ordinances where the project will be located.

Subrecipient - A non-federal entity that receives CDBG-DR funding from the State of Alaska of Anchorage to carry out recovery activities; but does not include an individual or entity that is a beneficiary of the program.

Subsidy – A sum of money granted by the government to assist (in the production of affordable single-family housing units).

Subrogation Agreement – An agreement executed by the beneficiary agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already awarded and received.

Uniform Relocation Act (URA) - A federal law that applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted programs or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.